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NEWS SUMMARY

GENERAL

Meeting to heal pipeline rift urged

Canada has called for a meeting for Foreign Ministers to "heal some of the wounds" developing in the Western Alliance.

Canadian Foreign Minister Mark MacGuigan announced the plan, intended to involve the U.S., UK, France, West Germany, Italy, Canada and Japan.

He made it clear that he saw differences over the Siberian gas pipeline as the main source of friction and that Washington was to blame. Back Page

Royal guard jailed

Stephen Chambers, jailed for 10 years for killing his wife while he was mentally ill, had a job three weeks earlier protecting the Queen when she opened London's Barbican.

Drug banned

Opren anti-arthritic drug, made by U.S. group Eli Lilly, was banned while reports of adverse side-effects, which cite 61 deaths, are studied. Back Page

One-party plan

Zimbabwe Premier Robert Mugabe said he hoped to introduce one-party rule if he wins the next elections, to be held by 1985.

Kenya arrests

About 3,000 people are under arrest after Sunday's attempted coup in Kenya, including almost all the air force. Page 3

Diver held

Diver Keith Jessop, arrested in connection with the contract to salvage £40m in gold from the wreck of HMS Edinburgh, was set free last night.

Ransom goes awry

A cyclist who found a DM 2m (£465,000) ransom upset a police trap to catch the man who threatened to poison Hamburg's water supply.

Torture inquiry

Philippines inquiry began into the torture of suspected Communist Horacio Morales, alleged in a BBC documentary last month. Page 3

Hijack fails

A Sikh activist with a plastic ball he said was a bomb hijacked an Indian Airlines 737 but surrendered in Amritsar and freed all aboard.

Soccer strikers

Guatemalan second division football team Tipografia Nacional began a hunger strike, saying they hadn't been paid for months.

Jam on it

Explorer Sir Ranulph Fiennes, picked up after 99 days on Arctic ice-floes, said he was looking foward to seeing London traffic jams again.

Pound of carats

Japanese shoppers can now buy gold with their groceries at a supermarket chain. Prices may be lower than at ordinary outlets. Page 3

Briefly. . . .

Prince William of Wales was christened on the Queen Mother's 82nd birthday.

Forest fire near Zielona Gora, Poland, destroyed 1,000 acres of trees. Arson is suspected.

Snuffboxes and jewellery worth £20,000 were taken from Bowes Museum, Co Durham.

Kuwait police seized drugs worth £500,000, the country's biggest haul.

Man died when struck by lightning on Hampstead Heath, London.

BUSINESS

Hopes rise for cut in base rates

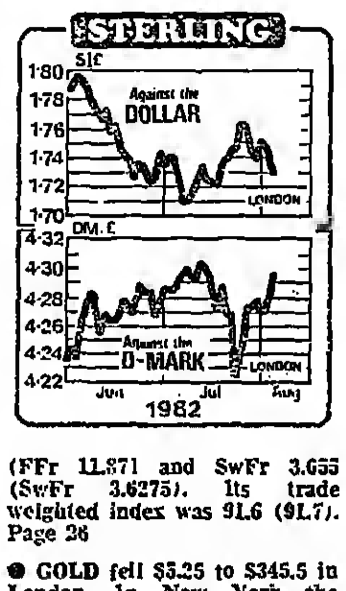
● BANK OF ENGLAND lowered its money market dealing rates again. This was widely interpreted as setting the stage for a further half percentage point cut in banks' base rates to 11 per cent this week or early next. Back Page

● EQUITIES turned dull and the prospect of further interest rate cuts failed to generate more buying enthusiasm. The FT 30-share index fell 5.9 to 560.3. Page 23

● GILTS held steady to firm. The FT Government Securities index edged up 0.09 to 73.15. Page 23

● DOLLAR rose sharply on higher Eurodollar rates. It closed at DM2.486 (DM2.439), SwFrs 2.1125 (SwFr 2.0725) and Y260.35 (Y257.8), its best since September 1977. Its trade weighted index was 121.0 (119.9). Page 26

● STERLING lost 2.15 cents to $1.728. But it rose to DM 4.2975 (DM 4.27), FFr 11.935 (FFr 11.871) and SwFr 3.655 (SwFr 3.6275). Its trade weighted index was 91.6 (91.7). Page 26



● GOLD fell $5.25 to $345.5 in London. In New York the Comex August close was $351.5 ($346.35). Page 20

● WALL STREET was down 6.28 to 810.12 near the close. Page 24

● DEUTSCHE BANK is raising $300m (£173.6m) through a 14¼ per cent Eurodollar bond. Euromarkets, Page 21

● TEXTILE exporting countries were warned by the EEC that continued refusal by some of them to sign the new Multifibre Arrangement would lead to unilateral imposition of import curbs. Page 5

● UK OIL PRODUCTION outstripped domestic consumption by 43 per cent in the April-June quarter, compared with a 19.7 per cent surplus for the whole of last year. Page 8

● BRITISH RAIL is considering proposals which would almost double the cuts in railway jobs this year. Back Page

● TURNER AND NEWALL said it had provided sufficiently against all known claims in connection with asbestos-related disease and that it was not under any financial pressure. Back Page and Lex

● MONSANTO, multinational chemical group, and leading UK academic institutions joined forces to launch a £9.5m venture capital fund. Back Page

● CROWN LIFE Assurance Group completed the raising of £12m to finance development plans for the next five years. Page 18; Lex, Back Page

● J. BIBBY & SONS, industrial and agricultural group, reported pre-tax profits 13 per cent higher at £5.56m for the 26 weeks to July 3. Page 18; Lex, Back Page

● LIVERPOOL Football Club lost £155,000 last season in spite of winning three major trophies.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Brady Inds. A	93	+ 50
Cont. Microwave	470	+ 25
Cullen's A	183	+ 6
Fobel Int.	48	+ 6
Gerrard & Nat.	306	+ 11
Hallite	201	+ 17
Johnson Cleaners	284	+ 6
Miles 33	138	+ 12
Pauls & Whites	249	+ 11
Rank Org.	188	+ 7
Scottish Heritable	47½	+ 5½
Turner & Newall	39	+ 7
FALLS		
BPB	440	− 15
Barratt Devs.	300	− 5
Bibby (J.)	260	− 10
Blue Circle	480	− 12
Brotherhood (P.)	52	− 6
Eurotherm	455	− 15
Grand Met.	249	− 5
ICI	288	− 6
Land Securities	282	− 6
MEPC	191	− 4
Merrydown Wine	165	− 8
Nimslo	132	− 23
Standard Tele.	560	− 16
TI	9½	− 4
Thorn EMI	423	− 7
Unitech	265	− 17
BP	266	− 4
LASMO	295	− 10
Shell Transport	386	− 6
Anglo Amer. Invs.	£26	− ½

Reagan warning as Beirut is bombed again

BY DAVID LENNON IN TEL AVIV AND ANATOLE KALETSKY IN WASHINGTON

ISRAELI TANKS and infantry launched a multi-pronged attack on West Beirut yesterday, striking at Palestinian guerrilla forces from the south, east and west in what the army in Tel Aviv described as "the seizing of new positions."

The assault immediately provoked U.S. President Ronald Reagan into his strongest public warning to Israel. After calling emergency meetings of his special crisis management group and the National Security Council, President Reagan wrote to Mr Menahem Begin, Israel's Prime Minister, and issued a statement declaring the "absolute necessity of re-establishing and maintaining a strict ceasefire in place."

The President's statement stressed that the Israeli attack had come "only a day after I had made clear to the Israeli Government in my meeting with Foreign Minister Yitzhak Shamir that the U.S. placed great importance on the sustained maintenance of a ceasefire in place—to avoid further civilian casualties and to secure the prompt withdrawal of the PLO forces from Beirut. "For the first time in his public pronouncements, the President did not blame the PLO for contributing to the breakdown of a ceasefire.

The Administration further signalled its anger with Israel as unnamed officials gave carefully-placed leaks to news agencies saying that military, diplomatic and economic sanctions against Israel were under serious consideration.

Although the White House and the State Department refused to comment officially on these reports, no attempts were made to deny them and their issue through news agencies seemed calculated to ensure maximum publicity.

However, there was no clear indication from officials speaking privately that the Administration was yet prepared to impose sanctions rather than increase pressure on Israel.

In Tel Aviv, an Israeli military spokesman insisted that yesterday's attacks were not an all-out assault to conquer the city but "merely a tightening of the siege on the terrorist position in West Beirut."

He denied that the aim was to cut West Beirut in two.

Western military experts described the operation as another move in the Israeli tactic of taking over West Beirut in stages, which is expected to continue in rapid strokes until all of the Lebanese capital is in Israeli hands.

The gradual capture of all of West Beirut is expected to be prolonged—interrupted by pauses forced on Israel by U.S. pressure to honour the so-called ceasefire.

Nora Boustany adds from Beirut: The intensity of artillery duels, and the thud of shells and rocket launchers engulfed most of West Beirut. Several areas in East Beirut and the Kesrouan Mountain were shelled, causing high

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Grimy glass in Mideast window, Page 3

TSB changes pave way for major share offer

BY WILLIAM HALL, BANKING CORRESPONDENT

THE Trustee Savings Banks, which boast assets of over £6bn and more than 8m customers, are to be substantially re-organised. The move will pave the way for their entry into the private sector and eventually, a major offer for sale of shares to depositors and staff.

Since the first Savings Bank was founded in Scotland more than 170 years ago, Britain's Trustee Savings Banks, as they became known, have flourished as simple savings banks.

However, since the 1960s they have been developing into fully-fledged commercial banks.

In their transition into fully-recognised banks, the TSBs have found that their structure—the 16 banks are unincorporated societies—was unsuitable to meet the requirements of the 1979 Banking Act from which they have exemption until 1985.

Also, their federal structure is not ideally suited to a commercial operation and does not allow them to take full advantage of tax allowances.

The banks are proposing that the TSB Group will have a companies Act structure and will act as the holding company for all of the group's activities.

The 10 regional TSBs in England and Wales will combine with the Central Trustee Savings Bank (the wholesale arm of the TSBs) and TSB Trustcard to form a single banking subsidiary.

The four Scottish TSBs will form a separate banking subsidiary and there will be other separate subsidiaries for the Channel Isles and Northern Irish TSBs, both of which are comparatively small.

The ownership and accountability of the TSBs will be resolved by the issue of shares in the TSB Group PLC, preferably to depositors. It still has to be decided how to achieve this, consistent with the preservation of depositors' rights, but it could coincide with a capital-raising exercise and a share quote for the TSB shares.

To preserve their regional identity, the TSBs are considering issuing a special class of shares to regional charitable foundations which will invest in socially-desirable projects.

Sir John Read, chairman of the Trustee Savings Bank Central Board, said yesterday that the changes were "essential for our future survival and success." Parliamentary legislation will be necessary and Sir John said it was likely that this would be tabled in the 1983-84 programme.

The TSB's transition into the private sector was accelerated after the 1976 Committee to Review National Savings, which advocated that the TSBs become the "third force in banking." Many of the suggestions of this committee have been implemented and the TSBs have started to make personal loans and arranging commercial lending.

However, they have been labouring under considerable Treasury restrictions since a substantial part of their money is tied up in low-yielding assets. The £1bn or so in this category will be repaid by 1986 and will be reinvested in higher-margin lending.

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Heseltine attacks Government policies

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

MR MICHAEL HESELTINE, Secretary for the Environment, launched a wide-ranging attack on the Government, commerce and industry at a meeting of the National Economic Development Council yesterday.

Mr Heseltine appeared to embarrass some other Cabinet Ministers present but pleased Trade Union Congress leaders. He said the council's dialogue was "unreal" and there was "no collective will" and "no industrial ethos" on which future policies could be built.

The attack jarred the meeting which was discussing a Confederation of British Industries presentation on the problems of competitiveness. None of the expected clashes developed between the Government and the CBI over the recession or between the Government and the TUC on pay restraint.

During a two-hour debate when established policies were being spelt out, Mr Heseltine delivered what was later described as an "outburst" and an "intervention."

He said Britain's problem was that it was more interested in "consuming than earning" and that "we have not got a real grip on how public resources should be used."

He described as "abysmal" the management of the public sector and communications in industry as well as the level of import penetration. He attacked the "concentration of wealth" in big institutions which made the owners of industry remote from factories.

Later, he said he thought his contribution had been "balanced and practical."

Mr Patrick Jenkin, Industry Secretary, immediately said Mr Heseltine's view was "more apocalyptic" than was justified. "It was not the scene as I see it."

Mr Nigel Lawson, Energy Secretary, stressed positive developments in industry.

Mr Len Murray, TUC general secretary, said he agreed ewith 95 per cent of what Mr Heseltine had said. This was echoed by other trade union leaders who had felt frustrated by the lack of support they were receiving for a dialogue on economic issues.

Sir Campbell Fraser, president of the CBI, said: "Before we jump out of the window, it's not as bad as all that."

Mr Geoffrey Chandler, director general of the National Economic Development Office, said that "Jeremiahs have their relevence."

Mr Heseltine's remarks reflect a growing frustration at his failure to harness substantial help from financial institutions to rebuild areas such as parts of Merseyside where he was pelted with eggs and tomatoes on Monday.

He is shocked by the extent of Britain's industrial decline and believes more should be done to get the economy moving.

Sir Geoffrey Howe, Chancellor of the Exchequer, rejected the idea of setting a target exchange rate. On interest rates, he said: "The have come down 4.5 per cent since the end of 1981 but we still have a long way to go."

Margaret van Hattem writes: Mr Peter Shore, the Shadow Chancellor, yesterday endorsed the CBI's despondent industrial survey report and called on Sir Geoffrey to prepare an expansionary autumn budget, or resign.

In a statement, and later on Independent Television News, Mr Shore said the Chancellor had persistently refused to face the truth about the crippling effects of his own policies.

U.S. reflation may aid UK, Page 8

No bed of roses as U.S. faces invaders

By Reginald Dale, U.S. Editor, in Washington

WE HAVE had the Chicken War and the Wine War—now it's the Wars of the Roses.

Rose growers in the U.S. are mounting an increasingly prickly campaign against imported blooms that "will drive American roses from their own markets" unless Congress acts, in the words of Mr James C. Krone, executive vice-president of Roses Inc, the American commercial rose growers association.

In a hand-out headed "Rose imports outpace autos and steel," Roses Inc said that imports of cut roses had "blossomed" in the first half of 1982 with a 28 per cent increase over the same period of last year. By comparison, car imports had fallen by 22.3 per cent, and steel imports had risen by only 6.3 per cent. The figures "confirm our worst fears," said Mr Krone.

Last year, 68m roses were imported, a 54 per cent increase over 1980. Mr Krone fears that if the trend continues, the figure could hit 100m this year, or one-fifth of total U.S. consumption in a market worth a fairly constant $90m a year.

Roses Inc says that Colombia, with shipments of 37m in the first six months of the year, is by far the worst offender as a rose-dumper. (It also has a bad record on carnations and pompon chrysanthemums.)

Israel and the Netherlands are the two others singled out as trying to undercut the American rose industry. All three countries give generous direct or indirect subsidies to their commercial flower growers, the Americans maintain.

The way to close the rose window, according to the American growers, is to raise U.S. rose tariffs to EEC levels. The U.S. tariff is a steady, year-round 6 per cent, the EEC's is 24 per cent in the peak European five-month season starting on June 1, and between 17 and 20 per cent for the rest of the year. The EEC market would smell no less sweet than the American to the Colombian growers

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£ in New York

—	Aug. 3	Previous
Spot	$1.7395-7410	$1.7570-7585
1 month	0.01dis-0.01pm	0.02-0.04 pm
3 months	0.37-0.40 pm	0.35-0.40 pm
12 months	3.35-3.45 pm	3.05-3.15 pm

BSC plans merger with JFB

BY RAY MAUGHAN

THE British Steel Corporation is expected later this month to announce that it has concluded an agreement with one of the UK's largest independent special steel manufacturers, Johnson & Firth Brown, for a merger and rationalisation of each group's forging capacity in Sheffield.

The agreement, which has been under discussion for over a month, will require expenditure of about £50m. The Iron and Steel Trades Confederation, the largest steel union, has seen only draft copies of the proposals but it expects they will result in redundancies ranging between 1,500 and 2,000 people.

Details of the agreement will not be disclosed before the middle of the month. The 6,000 strong workforce at JFB's dominant special steels subsidiary, Firth Brown in Sheffield, has been told to expect an announcement on or after August 16, the end of the annual holiday shutdown. An extraordinary stock-taking exercise has been undertaken at all the sites believed to be included in the merger proposals.

Steel industry observers expect that the BSC's River Don forging facilities and Firth Brown's smelting shop will form the core of the merger proposals and that both private capital and management will hold the dominant positions. It is by no means certain, however, how the peripheral activities will be affected.

The impetus for this rationalisation comes from three—closely connected—directions. The long-standing and profitable market-sharing arrangement between BSC's River Don plant and Firth Brown ended last year raising the possibility of potentially destructive direct competition between the two.

At the same time, many of special steels sector's major markets have declined dramatically, forcing retrenchment in

Continued on Back Page
Shotton production record, Page 8

Britoil to submit £950m N. Sea plan

BY RAY DAFTER, ENERGY EDITOR

A £950m plan for the development of a North Sea oil field is expected to be submitted for Government approval today.

The proposal, eagerly awaited by the work-hungry offshore supplies industry, has been drawn up by Britoil, the state-owned oil exploration and development corporation. Britoil and its partners, Shell and Esso, want to exploit the Clyde oil field, 200 miles east of Dundee.

Energy ministers are expected to rush through approval of the project, which should end a two-year lull in major North Sea oil development work.

The Clyde Field should also help offset the decline in production from some of the earliest North Sea fields brought on stream. The field's recoverable reserves, of some 150m barrels, are thought to be capable of sustaining production of up to 50,000 barrels a day. Production, through a single platform, is due to begin late in 1987.

Energy officials are also awaiting another development application, involving the North Alwyn oil and gas field jointly owned by two French companies, Total and Elf-Aquitaine. Proposals for the two-platform development, costing between £1bn and £2bn, were expected in the Energy Department several days ago but Elf has yet to agree to the plans.

Although UK equipment manufacturers and service companies will hope to win a lion's share of the Clyde and North Alwyn contracts, the Government has stressed they will not receive favoured treatment over foreign competitors.

Although the Government is now anxious to expedite the Clyde development, it was responsible for a two-year delay to the project. Britoil—or British National Oil Corporation as it was then known—first started working on a target production date of 1985. But BNOC was told to defer plans for two years, partly on the grounds of regulating the rate of North Sea production but also because the Treasury was worried about the impact of the Corporation's investment on the Public Sector Borrowing Requirement.

Under present Government proposals the PSBR will not be affected by the new Clyde plans as Britoil is destined to have a majority private shareholding. The Government is planning to offer the public a 51 per cent shareholding in Britoil later this year.

Oil output tops consumption, Page 8

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EUROPEAN NEWS

Norway's manufacturers hit by strong krone

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

NORWAY'S attempt to depreciate the krone by 3 per cent on Monday is a symptom of the continuing difficulties the Norwegians are experiencing in adapting their economy to the effects of North Sea oil and gas production.

It mirrors the conflict between the direction in which the offshore petroleum revenues are pushing the economy and the interests of industrial manufacturers on the mainland, whose efforts to compete on export markets are being hampered by high production costs and a strong krone.

In Oslo, both the Bank of Norway and the Finance Ministry play down the significance of the "technical adjustment" effected on Monday to the basket of foreign currencies against which the krone is index weighted.

The change has been in the pipeline for a long time, they say, but it is also true that Norwegian manufacturers have been stepping up pressure on the minority Conservative Government of Mr Kaare Willoch.

Their case has been reinforced by the growing problems of several large companies, some of them state-owned, which will turn in heavy losses this year and have started to lay off employees. Aluminium, ferro-alloy and other metal producers and some pulp and paper mills share this plight.

When the currency basket was composed in 1978, the interests of the oil and shipping companies, whose pricing is in dollars, were allowed to dominate by giving the U.S. dollar a 25 per cent weighting in the basket. As the dollar has appreciated on the foreign exchange markets the krone has also been pulled upwards. Its depreciation against the dollar has been appreciably smaller than that of other European currencies.

This development has hurt mainland manufacturers who export mainly to Western Europe and compete within Norway against imports from European concerns.

The Bank of Norway has changed the weightings of the currency basket to conform more closely to that used by the International Monetary Fund (IMF) to assess the development in competitiveness among the industrialised countries. The weighting of the dollar has been cut from 25 to 11 per cent while the D-mark moves up from 14 to 17.7 per cent and sterling from 13 to 14.7 per cent.

Following the IMF example, the Canadian dollar and Austrian schilling have been included in the basket which now embraces 14 currencies. One difference is in the weighting of the Japanese yen which stays at an unchanged 6 per cent in the Norwegian basket or less than half the weighting it is allotted by the IMF.

The Norwegian authorities hoped that the adjustments would prompt a depreciation of around 3 per cent of the krone against the currencies comprising the basket and would provide Norwegian manufacturers with some small price benefits. The exchange markets indicated by their reactions on Monday and Tuesday that they would not comply fully: the krone depreciated by between 1.5 and 2 per cent.

The Bank of Norway, which holds very strong currency reserves, could push through a 3 per cent depreciation by intervening more strongly on the markets than it has done so far. But, if it takes such a course, it will put at risk the tight domestic credit policy it is pursuing and which is considered to be vital to counter the effect of heavy public spending.

The stringent monetary policy is in itself a factor in keeping the krone strong. It has forced up Norwegian short-term interest rates to levels which parallel the U.S. rates and stimulate the inflow of foreign capital.

The dilemma faced by the Bank of Norway in trying to reconcile industry's desire for lower interest rates and a weaker krone with its own need to hold back the growth in the money supply reflects the conflict between Norwegian fiscal and monetary policies. This conflict in turn stems from the Norwegians' failure so far to cope with the inflationary effects on their small economy of the income from North Sea oil and gas which accounts for some 15 per cent of gross domestic product.

The oil revenues have been absorbed too quickly into the economy. The Government budget balance, excluding the oil income, moved from a surplus of 3.9 per cent of gross domestic product in 1973 to a deficit of 5.6 per cent last year.

This year, in spite of the avowed intention of the preceding labour government and the conservative administration to curb public spending the deficit, excluding the oil income, is expected to be NKr 175bn (£1.5bn) or close to 6 per cent of GDP.

The expansion in public spending has gone to improve public services and to subsidise farms, fisheries and ailing industries. It has helped to maintain near full employment in contrast to the situation in most other European countries but it has also been instrumental in producing a tight labour market.

Above all, the expansionary fiscal policy has fuelled inflation and, together with the pressure for higher wages generated on the offshore fields, has made mainland industry extremely vulnerable to foreign competition. The present lay-offs in industry are the culmination of a process of deterioration over the past decade during which Norwegian manufacturers have steadily lost market shares.

The average increase in Norwegian consumer prices between 1980 and 1981 was 13.6 per cent. By the middle of June this year the 12-month rate was down to 10.8 per cent but the deceleration has not been fast enough to bring Norway in line with competing countries.

Yugoslavia urged to tighten belt

By David Marsh in Paris

YUGOSLAVIA, WHICH brought in an austerity programme two years ago to dampen inflation, has been urged by the Organisation for Economic Cooperation and Development to tighten further monetary policy to hold down wage rises.

In its annual report on the Yugoslav economy, published today, the OECD Secretariat praises the country's "considerable achievements" over the last two years in substantially lowering the current account deficit.

But it says that some of the growth forecasts in Yugoslavia's revised 1981-85 economic plan are still too optimistic.

The OECD agrees with the official Yugoslav forecast that the country's current account on balance of payments—a pressing problem two years ago—should be in balance this year. This compares with deficits of $2.25bn (£1.3bn) in 1980 and $0.75bn in 1981, and the earlier official forecast that 1982 would show a shortfall of $0.5bn.

But it voices concern at the continuing strong pace of wage rises, which "in a period of slow growth points to upward pressure on the inflation rate."

Interest rates, the OECD warns, are still substantially below the rate of inflation and should be increased further.

The authorities have had less success in combating inflation, the report notes, than in other parts of their stabilisation policies. Average price rises last year were higher than 1980 at around 40 per cent, although the annual rate slowed in early 1982 to 25 per cent.

Yugoslavia has already boosted interest rates—a step called for in previous OECD reports. But the Secretariat says that "further increases are needed if enterprises are to be subject to reasonable economic discipline in making their investment decisions."

"More realistic" interest rates, it says, would also promote restructuring of industry and mobility of capital, thus helping to foster employment growth.

Jobless surge in W. Germany as orders stagnate

BY STEWART FLEMING IN FRANKFURT

FEARS that the West German economy is sinking deeper into recession, and not recovering, were reinforced yesterday when the Federal Labour Office reported a sharper than expected surge in unemployment in July.

The number of workers without jobs rose by 107,000 to 1.76m—an unemployment rate of 7.2 per cent compared with 6.8 per cent in June and 5.3 per cent in July 1981. Over the past year, unemployment in Germany has risen by 49 per cent, the sharpest increase among major European economies.

The figures coincided with the release of figures for June which showed that new orders continued to stagnate and that domestic orders were still declining.

The new orders figures are an imperfect indicator of economic trends, but they follow the release on Tuesday of seasonally adjusted production figures which disclosed an unexpectedly sharp decline in industrial production of 3 per cent compared with May.

The Bundesbank, the West German Central Bank, meanwhile announced that it would be adding liquidity to the banking sector this week through repurchase agreements with a 28-day maturity.

In the money markets it was noted that the tender offer will replace some DM 6.4bn (£1.5bn) of repurchase agreements that are expiring.

That the Central Bank is still anxious to see interest rates in West Germany fall is evident from the fact that the latest round of repurchase agreements will be offered at a minimum rate of 8.50 per cent, slightly below the 8.90 per cent of the last round.

Opinions are divided in Frankfurt as to whether this can be seen as a hint that the Central Bank will cut its Lombard Rate at next week's council meeting.

As one bank economist remarked, the Bundesbank may be testing the markets to see how they react. He said that the Bundesbank is in a difficult position in charting its monetary policy because of the unpredictability of dollar interest rates and the volatility of exchange rates.

Yesterday, for example, the D-mark fell sharply against the dollar. The D-mark was quoted yesterday afternoon Frankfurt around DM 2.47 against the dollar—sharply down from the level of around DM 2.4247 on Tuesday at the mid-day fixing.

High interest rates in West Germany, however, continue to be cited as a factor contributing to the economy's weakness.

In its latest report, the Munich-based Ifo Institute says that there is little reason to expect that the economy is about to be released from its two-year stagnation.

It suggests that, in view of the recent rise in interest rates, a question mark should be set against recent signs of a recovery in the housing sector.

Home owners relieved at fall in Irish interest rates

BY BRENDAN KEENAN IN DUBLIN

THE FALL in Irish interest rates of between 1 and 1½ percentage points which takes effect today has been greeted with relief by the country's home owners, who faced a rise in building society loans rates to almost 18 per cent.

The contrast between current Irish and British interest rates is a manifestation of the break in the link between the two countries' currencies, which has been painful for the Irish.

The new figures still leave the Irish with some of the highest rates in Europe. The best loan rate for large commercial borrowers will now be 17.5 per cent, while personal loans—although in short supply—will be charged at 18.5 per cent.

These rates are having an adverse effect on Irish industry, as well as home owners, and have been cited as proof that breaking the link with sterling was a mistake.

Economists say that the rates reflect Irish domestic circumstances, in particular excessive borrowing by the Exchequer and state industry. It has been left to the Central Bank to control credit expansion where it can—which means the private sector.

If the interchangeability of the Irish pound and sterling had been maintained, Ireland would have virtually the same interest rates as the UK, but the strain on the economy would have shown elsewhere.

The belief is that, given the cost-push which government policies have forced on industry, the strain would have shown in loss of competitiveness, with unemployment above even the current record of 150,000.

In the meantime, home owners can still expect some increase in mortgage rates, perhaps to around 17 per cent. The outlook, according to some analysts, is still gloomy.

In particular, companies will become liable for accelerated VAT and corporation tax payments towards the end of this year. Bankers estimate that this could lead to a demand for borrowings of the order of I£180m (£146m) which, it is feared, could provoke another rise in interest rates.

Irish bankers concede that conditions justify today's fall in rates, but their two days' discussions with the Central Bank are believed to have centred on the prospects for a permanent reduction.

Sharp rise expected in France's energy prices

BY DAVID MARSH IN PARIS

FRENCH DOMESTIC energy prices, which the Government is holding down during this summer's emergency price and wage freeze, are expected to be raised sharply later this year to help plug the worsening deficits of the big state utilities.

The problem of pricing in the gas, electricity, oil and coal industries is one of the economic brain-teasers taxing the Finance Ministry as it prepares for the expiry of the four-month freeze at the end of October.

On the one hand, deteriorating financial positions at Electricite de France (EDF) and Gaz de France (GDF)—which between them may run up losses as high as FFr 12bn (£1.1bn) this year—are creating the need for an early rise in electricity and gas tariffs.

Similarly, petrol companies are pressing to be allowed to pass on to customers the full effects of higher oil import costs caused by the devaluation of the franc.

On the other hand, the Government is intent on minimising the rise in the inflation rate during the four-month freeze to improve the chances of keeping down wage demands when it ends.

The Government is allowing petrol companies to bring in modified price rises later this month. But M Jacques Delors, the Finance Minister, confirmed this week that EDF and GDF, which have already raised tariffs once this year—by 10 per cent and 7 per cent respectively—will not be allowed to increase prices further until after October 30.

N-power station log jam broken

BY KEVIN DONE IN FRANKFURT

THE LOG-JAM in the West German nuclear power station building programme has been broken with the granting of the first building licence for five years.

The go-ahead for a second nuclear power station is expected in the next few days and permission for a further two nuclear plants is likely during the next 12 months.

The electricity supply industry is hoping to build the four plants under the special "convoy system" developed by Kraftwerk Union, the power station building subsidiary of Siemens.

The West German nuclear power station building programme has run into inordinate delays in recent years as a result of the complexity of the licensing procedure, changes in regulations and growing opposition from the environmentalist lobby.

Central and provincial government authorities have introduced a series of measures over the last year, however, aimed at cutting the long and expensive delays in the planning and construction. At the same time KWU has developed the convoy system to speed the construction phase and cut costs.

It is intended that standardised type approvals should be given for a series of reactors, rather than each reactor having to be approved separately.

All three reactors which are likely to gain initial building licences this y[illegible] been ordered from K[illegible] be 1300 MW pres[illegible] water reactors. Total [illegible] in the th[illegible] total DM 15-16[illegible]8bn) including inflation.

The first plant to be granted building permission is the Isar II reactor in Bavaria which is being built by a consortium led by Bayernwerk. The estimated cost of the plant is DM5.4bn at inflated prices.

Building work began this week and construction is expected to be completed in 1988, KWU said yesterday.

Permission for the second plant is expected from the authorities in Lower Saxony in the next few days. The reactor to be built at Emsland/Lingen will be operated by a consortium led by the Dortmund-based Vereinigte Elektrizitätswerke (VEW).

The other two plants planned under the current batch of standardised reactors are Biblis C to be operated by Rheinisch-Westfaelische Elektrizitätswerke (RWE) in Hesse and Neckarwestheim II in Baden-Wuerttemberg which is being planned by Neckarwerke.

Planning and construction times for nuclear power stations in the Federal Republic have grown inordinately. The Isar II plant will have been planned for 12 years if commissioning takes place in 1988. The first site planning application was made to the Bavarian authorities in April, 1976.

The last nuclear reactor completed in West Germany, Grafenrheinfeld in Bavaria, took 10 years to finish. It was commissioned earlier this year.

The number of engineering hours required for Grafenrheinfeld, the fourth 1300 MW nuclear reactor completed in West Germany, was 250 per cent higher than for the first 1300 MW plant, Biblis A. The primary documentation needed for Biblis A, commissioned in 1974, was 60,000 pages long. For Grafenrheinfeld the documentation reached 240,000 pages.

Nuclear energy is gradually increasing its share of West German primary energy supply, however, and accounted for 5.5 per cent of primary energy consumption in the first half of 1982 compared with 4.8 per cent in the same period last year.

Nuclear power now accounts for around 20 per cent of West German electricity generation—excluding West German industry and the railways—compared with 17.8 per cent a year ago.

The country has 10,205 MW of nuclear capacity installed and a further 11,300 MW under construction.

Hollow echoes to Mitterrand's promise on steel

BY DAVID HOUSEGO IN PARIS

IN NOVEMBER last year, President François Mitterrand visited the industrial north of France and told steelworkers that there would be no loss of jobs until new employment had been made available.

It was a rash promise at the time and has become more so since, with the prospect of further cuts in European production as a result of U.S. moves to reduce imports of European steel. But in Denain, a once-prosperous steel town in the flat border region between France and Belgium, M Mitterrand's words are remembered.

Denain's skyline and its economy have been dominated since World War I by the large integrated steel plant of Usinor—one of the two major French producers and now brought fully under state control through the Socialist Administration's nationalisation measures.

The plant employed over 7,000 in 1979 before the shutdown of steel capacity announced by the former government of M Raymond Barre as part of his reorganisation of the industry. Now the remaining 1,200 jobs are to go in a town of only 21,500 people as a result of the further restructuring announced by the Socialists. Already the unemployment level in Denain is 18 per cent—one of the highest in France—and there is no sign of fresh industry coming to the town.

In protest against the closure, steelworkers from the town stopped a "race against the clock" stage of this year's Tour de France — an unheard-of gesture in a country that regards the annual bicycle race as one of the sacrosanct events of the sporting calendar. They have also blocked motorways and train lines and demonstrated outside the municipality in nearby Lille of which M Pierre Mauroy, the Prime Minister, is mayor.

The Usinor works already have the look of an industry abandoned to the scrap merchants. Grass and wild bushes are growing up around the silent blast furnaces and smelting shops. The company stadium, church and meeting hall put up by paternalistic steelmasters in more prosperous days after World War I are falling into ruin. Most of the workforce is now aged between 40 and 50—a reflection of early retirement schemes and the dispiriting fact that the last time the plant took on new labour was in 1967.

The anger of the pro-Socialist CFDT union is not directed at the final closing down of Denain. It is directed at past Governments for failing to anticipate the excess capacity of the late 1970s, as the West Germans did, and to have reallocated jobs in time, and at the present Govenment for the same lack of foresight and unrealistic planning.

Half of the 1,200 men at Denain are to be retired early when the plant closes in 1984-1985. For others, the company is offering jobs in neighbouring steel plants. CFDT officials do not believe these will materialise because they think the Government is wildly over-optimistic in its estimates of future French steel production.

Flashback: North French steelworkers protesting against closures in 1979.

It is hard to deny the union's logic. The Government's steel plan is based on expanding French output from 20-21m tonnes a year now to about 24m tonnes by 1986—at a time when the EEC Commission is forecasting 27 per cent excess capacity in Europe.

CFDT officials argue that the only hope of achieving that level of production would be by an active policy of substituting French for imported steel which the Government is unwilling to do. They condemn the Government for lack of realism.

"There will be another restructuring by 1985," says one "This Government's steel policy will come a cropper."

M Jean-Jacques Garnier, director of the Usinor plant, openly concedes that he has no reply to workers' scepticism about jobs being available elsewhere in the steel industry. "We have no answer," he says. He sees the new level of steel production as reflecting both industry and "social" (employment) objectives.

Paradoxically, it has been the CFDT (normally the more moderate union) which has been the more militant in demonstrating while the Communists have been dragging their feet. The two are bitterly at odds. The CFDT has been gaining on the Communist-led CGT union in elections at the Usinor plant. But the Communists retain control of the municipality of Denain.

M Brabant, the Communist deputy mayor and a power broker of the local party, calls the local CFDT leadership "ultra revolutinnaries" and condemns the halting of the Tour de France as "pointless." Both the municipality and the CGT went as far as to disassociate themselves publicly from an act that put Denain back on to the front pages. Behind this restraint—a consequence of the Communists joining the government—lies the judgment of the party heirarchy that an attitude of reasonable responsibility will win them more votes in next March's municipal elections than demonstrations of violence.

Maintaining their control over key municipalities is vital to the Communists because of the opportunities it provides for patronage and increasing party funds.

In Denain the Communist municipality has spent heavily on beautifying the town—transforming what might have been the grimy centre of a depressed area into something approaching a garden suburb.

But Demain bears the scars of heavy unemployment. It is a town of retired people or of children. Most of the young seem to have left. The local employment office says there are no jobs in industry for them and that, in any case, they are often badly qualified because of the tradition at Usinor that son followed father into the industry. The population has shrunk from 27,000 in 1968 to 21,600.

M Mitterrand's promise over jobs is remembered the more keenly because it is not the first he has made the town. People in Denain bring out a newspaper cutting which shows a photograph of M Mitterrand in Denain in the cold winter of 1979 accompanied by the Socialist party hierarchy. The headlines proclaim that the Socialists are in favour of investing FFr 1bn in the Denain steel plant and of expanding steel production to 31m tonnes (a third more than today's level) by 1981.

The unions are fearful that the Government will not live up to M Mitterrand's promise over jobs. They are also worried that redundancy terms could be less good than in 1979. The Government is seeking to impose nationwide a policy of 70 per cent of gross salary for workers retiring early while the special settlement allowed the steel workers in 1979 provided for up to 79 per cent.

The demonstrations are in the hope of getting satisfaction on these points. If that is achieved Denain is resigned to its sad fate.

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Setback to Japanese plan for tax reform

By Richard C. Hanson in Tokyo

AN ATTEMPT to reform Japan's income tax system has been dealt a severe setback by the ruling Liberal Democratic Party (LDP). The LDP this week decided to push for an unusual five-year delay in implementing an amendment to the tax law designed to close loopholes.

The LDP had supported the change in 1981, when the Bill was approved by the Diet (Parliament).

Under the amendment, Japan is to adopt a comprehensive system of taxing ordinary as well as interest and dividend income, starting in 1984. The Green Card system will monitor tax-exempt deposits by individuals at banks and with the postal savings system.

The Finance Ministry, which shepherded the amendment through the Diet, argues that the current tax exempt deposit system is widely abused by individuals using fake names to hide deposits. The amounts involved are believed to be huge. Officials are also keen to end the practice of allowing interest and dividend income to be taxed separately at a modest ceiling rate of 35 per cent. Ordinary income is taxed up to a maximum of 93 per cent.

Opposition to the Green Card system has been building steadily within the LDP. Pressure to postpone the plan or scrap it entirely has come partly from individuals (including politicians) whose "hidden" wealth might be uncovered. Concern over the plan has also contributed to erratic flows of capital over the past two years.

Japanese investors have moved large amounts of funds into such tax havens as gold, and, until recently, deep discount zero coupon Eurobonds. The flow of funds into zero coupons (which are not subject to Japanese taxes) was cut off by the authorities earlier this year but only after hundreds of millions of dollars had fled the country.

Gold with the groceries

By our Far East Editor

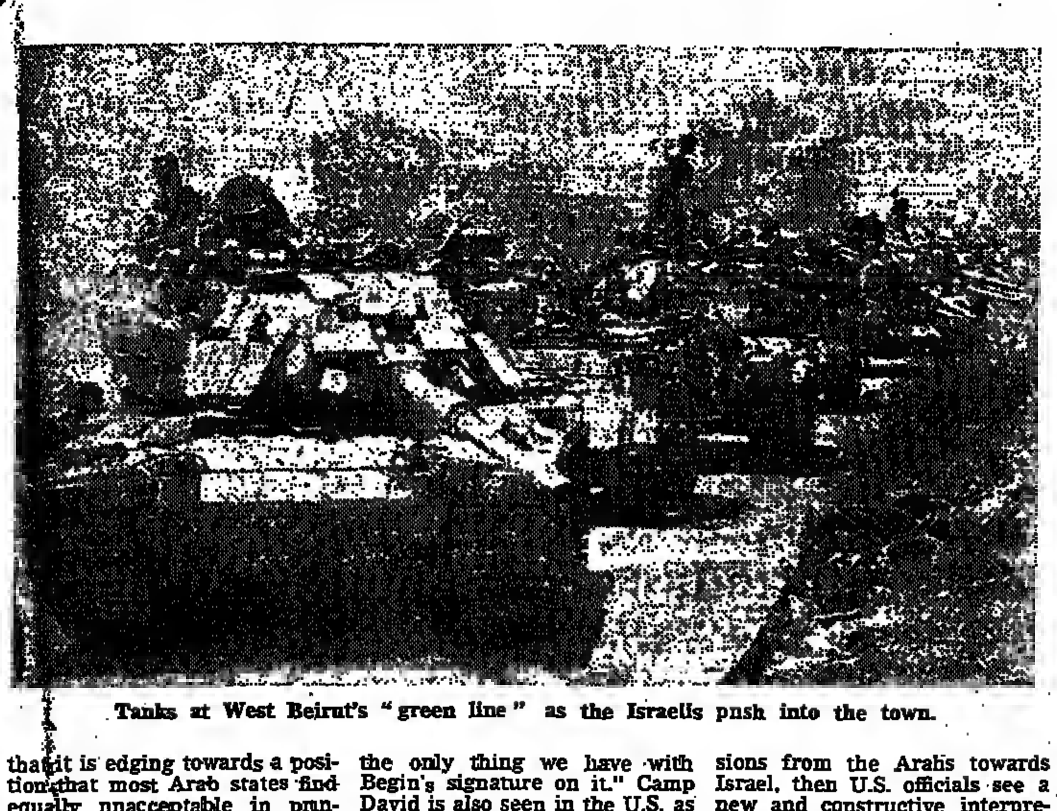
JAPANESE SUPERMARKET shoppers will be able to buy gold along with their groceries from today. The gold will be sold through 15 branches of Ito-Yokado, the nation's second largest supermarket chain. It will be supplied to Ito Yokado by Sumitomo Corporation, a major trading company.

Sumitomo said yesterday that sales were expected to amount to about 150 kg per month in the early stages. The gold will be sold at "gold corners" in each store, not at normal checkouts.

The sale of gold through supermarkets marks the continuation of a trend which started some years ago when Japanese department stores started offering gold to their customers. Japanese gold purchases in 1981 totalled 117 tons and represented 40 per cent af world investment in gold.

Anatole Kaletsky explains why Washington is still pinning its peace hopes on the Camp David accords

Grimy glass in the Mid-East 'window of opportunity'



Tanks at West Beirut's "green line" as the Israelis push into the town.

WHEN ISRAELI tanks first rolled into Lebanon on June 6, most of the world was indignant and horrified. The U.S., however, declared that Israel's invasion, regrettable though it was, had created a unique "window of opportunity" to bring a lasting peace to the Middle East.

Two bloody months later, the Foreign Ministers of Israel, Egypt, Syria and Saudi Arabia have shuffled in and out of the White House, a U.S. Secretary of State has been forced to resign, partly because of disagreements with President Ronald Reagan over the Middle East, and the tireless Mr Philip Habib has seemed to draw almost within earshot of the Palestine Liberation Organisation (PLO) in his increasingly desperate efforts to break the siege of Beirut.

Yet when all the dust has settled after each diplomatic flurry and round of fighting, foreign observers, analysts and even bemused State Department officials have sought in vain for signs of a new Reagan Administration policy on the Middle East. A vague aura of uncertainty hangs permanently in the air in Washington like the grin of the Cheshire cat.

Day-to-day Middle East policy appears to be controlled not from the White House by President Reagan but from Beirut by Mr Habib. U.S. officials seem quite sincere in saying that only Mr Habib is in a position to guess at which way his efforts may turn in the days ahead and point out that he has become the "vicar" of President Reagan's foreign policy in a way that his former boss, Mr Alexander Haig, never achieved.

Meanwhile, on the longer-term strategic front, if the Reagan Administration is moving at all, it is not towards a newly-developed policy. The most that can be said is that its original single-minded support of Israel as a "strategic ally" is being reconsidered, and that it is edging towards a position that most Arab states find equally unacceptable in principle—a renewed drive to implement the Camp David agreements, once the immediate crisis in Lebanon is resolved.

European and Arab friends of the U.S. have urged it at least to drop the Camp David label from its long-term peace efforts, in order to make them more palatable to Arab states, which have invested so much prestige in denouncing Egypt's separate peace with Israel. Yet, as Mr George Shultz stated unequivocally to the Senate last month, the Reagan Administration fully supports Camp David and "favours no other approach" to peace in the Middle East.

There is one simple reason for this apparent stubbornness. As one State Department official bluntly puts it, "Camp David is the only thing we have with Begin's signature on it." Camp David is also seen in the U.S. as the only peace initiative in the Middle East with a proven record of success.

But, while the Europeans and Arabs underestimate the importance of these reasons for what one diplomat calls "the Americans' refusal to pull themselves off the Camp David hook," there is another more fundamental issue.

Many Administration officials who are sympathetic to the Palestine cause see the Camp David agreements as the best vehicle for advancing their case within the U.S., as well as on the ground in the Middle East. Debate within the Administration is concerned not with alternatives to Camp David, but with alternative interpretations of the agreements reached there. If the upheavals in Lebanon eventually produce some concessions from the Arabs towards Israel, then U.S. officials see a new and constructive interpretation of the Camp David agreements as a possible and highly positive response from the U.S.

A State Department official explains it like this: "Even before the invasion of Lebanon, there was a growing understanding on the Arab side that another big, symbolic gesture—another Sadat visit to Jerusalem—was needed to revive the hopes for peace. The Fahd plan (which would in effect have recognised Israel in exchange for commitment to Palestinian statehood) was a move in this direction. There was an inchoate progress towards such a gesture, especially after the Israeli withdrawal from Sinai, which many of the Arab rejectionists had never expected."

The obvious gesture of this kind would be a recognition of Israel by the PLO and other Arab states. The window of opportunity which the Lebanon crisis has created would, according to this official, enable the U.S. to respond to such a gesture by accepting the ideal of Palestinian self-determination, by talking to the PLO (which the U.S. has plainly stated it would do, if the PLO recognised Israel), and, above all, by creating the public mood in the U.S. which would enable the Administration to put pressure on Israel. All this could be done by re-interpreting the Camp David accords.

That may seem a small reward to the Arabs for a watershed acceptance of Israel. But U.S. officials insist that it could provide all that the Arab states legitimately desire.

"*I could construct a* UN resolution out of the words of Camp David that even the Cubans would gladly vote for," one official said. "Camp David permits a legitimate interpretation that is radically different from anything on record. It does not preclude any particular outcome on Palestinian autonomy, including a full Palestinian state. It talks about the principle of self-government. After a transition period, it allows for a comprehensive settlement as soon as possible — it could be a matter of months, not years."

The consensus in the State Department is that it was only because former President Jimmy Carter gave in to Mr Begin on his interpretations of the Camp David agreements that Europeans and Arabs fell *into* the habit of accepting the Israeli interpretations as the true meaning of the accords. If the U.S. were now to take the responsibility for setting out its own interpretations, this gesture would mark a dramatic break with the past, even if this is not fully appreciated outside the U.S.

For the past 10 years, U.S. policy in the Middle East has been based on what Dr Henry Kissinger called "constructive ambiguity," allowing the slow barter between Israel and Egypt of territory for peace. Indeed, part of the genius of Camp David lay in its ambiguity on the toughest questions of Palestinian autonomy and the territorial claims to Jerusalem.

But, "ambiguity could only work as long as the positions of the protagonists on the ground remained more or less ambiguous themselves, as long as territory (held by Israel) remained negotiable," as Dr Fouad Ajani, a leading Middle Eastern scholar, says in the latest issue of Foreign Policy Magazine.

Now that "ambiguity has allowed *one party to turn* the world on the West Bank upside down and yet still maintain it is in compliance with the agreements," the time has come for "candour and a courageous American decision on the future of the West Bank and Gaza to be made," Dr Ajani says. His views are strongly echoed in some parts of the Administration.

But what if the Israelis ignored a U.S. interpretation? "That, at least, would present an American President with a real choice in the Middle East," a State Department official says. President Carter changed the whole nature of the U.S. role in the region. If Israel now openly defied an American President on Camp David, public opinion in the U.S. might be prepared to see the U.S. role in the region change even further.

That, then, appears to be tha window of opportunity that a diplomatic resolution of the Lebanon crisis would provide. Unfortunately, that is also a possibility that Mr Menahem Begin may be prepared to go to great and violent lengths to avoid.

Moi detains most of Kenyan Air Force

NAIROBI—About 3,000 people are under arrest following Sunday's coup attempt in Kenya, including nearly the entire Kenyan Air Force, military officials said yesterday. The Air Force, which was at the centre of the revolt, has an approximate strength of 2,500 men and 2,000 of them are said to be in custody.

The remaining 1,000 people held by the authorities were described as looters. It was believed some may be students, the only segment of the population which came out openly in favour of the rebellion.

Air links with the outside world were resumed with the arrival yesterday of several flights from Europe, while the first outgoing flights left Nairobi's Kenyatta Airport.

The city centre, site of much of the fighting, was nearly back to normal yesterday, though troops were positioned in lorries at major intersections and soldiers manned machine guns in front of key buildings.

Reuter

Delay over OAU summit

The annual summit of the Organisation of African Unity (OAU) due to open today may be postponed for three months in an attempt to head off a permanent split among its members, delegation members said yesterday, Reuter reports from Tripoli. They expect that only 18 heads of state and 10 senior representatives of African nations will be in Tripoli for the meeting, leaving it six short of the necessary quorum of 34 countries.

BBC film provokes Manila inquiry into torture charge

BY OUR MANILA CORRESPONDENT

A PHILIPPINE Supreme Court-appointed Commission yesterday began an unprecedented inquiry into allegations of torture on a suspected Communist who was featured in a controversial BBC documentary last month.

Mr Horacia Morales, 38, who looked pale but otherwise well, told Mr Sergio Apostol, the Commissioner, he had been given electric shocks and doused with cold beer in front of an air conditioning unit when he was detained in a military camp.

The Commission was appointed by tha Supreme Court following a writ of habeas corpus by Mr Morale's lawyers, who claimed that he had been denied his constitutional rights.

Under the declaration of martial law in the Philippines in 1972, which was lifted in 1980, charges of torture by political prisoners were not admitted as evidence either by military or civilian courts.

Mr Morales was identified in the BBC film as the head of the National Democratic Front, a loose umbrella of several underground groups committed to the overthrow of the Government of President Ferdinand Marcos.

He alleged that his military captors had hit him on the face and body. He had been blindfolded most of the time and at one stage a pistol was poked into his mouth to threaten him.

The film, the first of a series on Third World countries triggered an angry protest from the Philippine Government alleging bias and distortion.

Mr Morales was head of the Development Academy of the Philippines, the Government think tank, when he defected to the Communists in December 1977 on the night he was given an award as one of the most outstanding young men of the Philippines.

Mr Morales's lawyers claim that the incidence of torture and violation of human rights in the Philippines has not gone down, in spite of the lifting of martial law.

David Lascelles reports how Penn Square's collapse has prompted calls for tighter regulations

Shock to system heightens jitters for U.S. banks

MEMBERS OF the House Banking Committee will be going through the unusual palaver of packing their bags for a trip down to Oklahoma City in a couple of weeks to hold hearings into the collapse of Penn Square in a couple of weeks to hold bearings into the collapse of Penn Square bank there last month. But it is a slight inconvenience for what is turning out to be the worst bank failure the U.S. has suffered.

Aside from landing several banks with huge losses, the bank failed owing millions to uninsured institutional depositors, many of whom are now in dire straits and one is actually insolvent. The collapse has also raised questions about the effectiveness of U.S. bank regulation and the quality of bank management.

Inevitably, the charged atmosphere has sharpened people's worries about the banking system as a whole, especially given the recent Drysdale shock and the wave of bankruptcies and loan defaults that have jarred it. Both Penn Square and Drysdale struck like bolts from the blue, and people are naturally wondering: "What next?"

Penn Square began life as a neighbourhood bank only 20 years ago, but its rise to fame dates from the mid-1970s when a new chairman, Mr Bill Jennings, a hearty, hard-driving entrepreneur, steered it into the fast-growing energy lending business. The discovery of vast new natural gas deposits in and around Oklahoma enabled the bank to grow at an astounding rate: between 1974 and its collapse on July 5, its assets rose from $30m (£17m) to over $500m (£285m) an annual compound growth of over 50 per cent.

Mr Bill Patterson, the bank's young energy lending officer, quickly acquired a reputation as a ready source of funds who applied somewhat more lenient criteria to oil and gas loans than other banks in the region.

Energy lending can be highly lucrative, but by the same token it is a risky business that requires a degree of caution and considerable expertise. Traditionally, the Texas banks which are the biggest players in this market apply lending formulae which are based on fairly conservative estimates of the likely increase in energy prices. Also, they usually limit loans for a single project to five years and only 50 per cent of the value of the recoverable oil or gas.

Even these banks, however, admit to feeling some of the strain of the softening in energy prices which proved so calamitous for the Oklahoma bank. Most have now tightened up their definition of recoverable reserves just to be sure.

Details of exactly what went wrong at Penn Square should emerge at the hearings. But bank regulators have already said that it was flouting bank regulations, and the FBI has been called in to examine criminal allegations. It is also clear that Penn Square was

lending on the assumption that energy prices would continue to soar as they did in the late 1970s because of the tightness of the world market and the Reagan Administration's promise to deregulate natural gas.

But the world market turned soft, and Mr Reagan went back on his promise. The result was a string of bankruptcies in the Oklahoma energy business, and a massive increase in bad loans which ended up overwhelming Penn Square which had 80 per cent of its assets out to energy companies.

The bank's collapse would have been less damaging had it not inveigled several other banks many times its size into participating in the enormous loans it was putting together.

U.S. bank law forbids a bank from lending more than 10 per cent of its money to a single customer. To get round this constraint, banks who are on to something big sell shares in their loans to other banks. These "participating" banks are supposed to run their own credit checks on the borrowers because they carry the credit risk on their own books.

In Penn Square's case their checks were either slapdash or, it has been suggested, non-existent. Some bankers say this reflects a profound but established weakness of banks: they tend to treat each other less circumspectly than they do their customers. Here, banks were taking Penn Square's word for the quality of its credits.

Penn Square was phenomenally successful with participations: it sold about $2bn worth.

To fund its huge loans, Penn Square had to rely on more ample sources than local depositors, and it hired the services of money brokers to solicit deposits from large institutions around the U.S.

The need for funds was acute towards the end when rumours of trouble set off a flow of withdrawals. But until only a few days before it collapsed, Penn Square was able to attract multi-million dollar deposits by offering suspiciously juicy yields.

The Federal Deposit Insurance Corporation, a government agency that protects bank depositors against failure, only insures accounts up to $100,000. So small depositors were covered but most institutional depositors were not. The FDIC estimates that uninsured deposits amounted to $250m, more than in any previous bank failure. Some of this will be recovered, but not soon enough to aid depositors who need to fund positions immediately.

The Comptroller of the Currency's Office, which regulates banks, says it first uncovered trouble at Penn Square back in 1980 and kept it under close scrutiny. But far from reassuring the public of its vigilance, this revelation has earned the office a lot of criticism for failing to close the bank earlier and containing the damage, especially when other banks were still doing millions of dollars worth of business with it. Penn Square also switched auditors after it got a qualified statement in 1980—not a reassuring sign.

In the Penn Square case, the Comptroller's Office blew the whistle by informing banks who participated in Penn Square loans that it had reclassified some of those loans as substandard. The banks were obliged by the securities laws to disclose this information, and this brought about the final denouement.

The Federal Reserve would have preferred to keep the bank going by merging it with a stronger one but it was overruled by other regulators who believed it had passed the point of return.

The affair has led to demands for tighter bank regulation, which both the banks and the regulators are resisting on the grounds that Penn Square was "isolated and containable," as Mr Paul Volcker, the Fed chairman, said. But the tone of the preliminary hearings was bitter, and it would not be surprising if Congressmen order the regulators to keep a closer eye out for trouble, and report it earlier.

The Continental Illinois loan tally, Page 21

Congress cuts in tax increases would be disaster, says Regan

BY ANATOLE KALETSKY IN WASHINGTON

SENIOR REAGAN Administration officials warned yesterday of an "impending economic disaster" if Congress reneges on its budget commitment to increase taxes and cut spending.

The warning came amid signs that the budget compromise reached in the spring between President Reagan and congressional leaders could be threatened by the approach of the November congressional election season.

Appearing before the Senate budget committee, Mr Donald Regan, the Treasury Secretary, said any reduction of the budgeted tax increases would be "quite disastrous," would reverse the downward trend of interest rates and could "literally throw the financial markets into chaos."

A sustained economic recovery would only be possible if interest rates fell from the present 15 per cent prime rate to around 12 per cent, he added.

Meanwhile Mr David Stockman, the Budget Director, predicted that further cuts of every type, shape and form would be required in all non-military spending programmes next year even if Congress fully implemented the 1983 budget.

The warnings follow a series of congressional votes and committee hearings earlier this week in which the Democratic leadership of the House of Representatives said the tax increases of $99bn (£56.9bn) over three years required by the 1983 budget would only be approved if President Reagan publicly lobbied for them.

Increasingly the Democrats are determined to make the President personally identify himself with unpopular tax and spending measures as the election approaches.

In a crucial vote on Tuesday, the House overturned a budget provision for cuts in government pensions to civil servants and military personnel. The move in effect challenges the President to impose such a cut by presidential veto.

Mr Regan promised yesterday that the President would "take the initiative," in campaigning for tax increases, but Democratic leaders may not be satisfied with anything short of a clear public statement from the President.

At the same time, even the Republicans who have a hand in fashioning the budget compromise are becoming irritated by the President's vacillation on defence spending.

After reports that the Pentagon, with the President's support, was planning expenditure for 1984 and 1985 on the assumption that the defence cuts in this year's budget would be reversed, Senator Mark Andrews, a Republican member of the Senate budget committee, accused the Administration of undermining everything the committee was trying to do.

Senator Pete Domenici, the committee's influential Republican chairman, told Mr Stockman in a heated exchange before the committee on Tuesday that if the Administration wanted deficits reduced, it could not "continue to fluctuate on the defence numbers."

The Administration's response—that defence spending beyond the budgeted level would have to be offset by even deeper cuts in non-defence spending is fuelling further opposition to the President's economic programme.

Bignone outlines plan for civilian rule

BY JIMMY BURNS IN BUENOS AIRES

ARGENTINA'S President, Gen Reynaldo Bignone, has announced the broad outlines of a political statute to regulate the organisation of existing parties.

The move is designed to reassure the civilian opposition that the military regime intends to hand over power to a democratic government by March 1984 as promised.

The draft statute provides for the reorganisation of political parties within a maximum period of 13 months and a minimum of eight.

To qualify for participation in future elections, parties will be obliged to register a specific percentage of the country's voters as members, and draw up electoral lists in a minimum of five provinces.

This stipulation is intended to streamline national politics. Of the 16 national parties listed before the 1976 coup, only six are currently large enough to meet the proposed statutory minimum membership requirement.

The draft law, however, leaves open the possibility of electoral alliances.

The Peronist and the Radical parties, traditionally the two main political groupings, are expected to gather the largest number of members under the proposed law.

The announcement of the statute should usher in a period of feverish political activity over the coming months.

At the moment the temperature of Argentine politics is still largely conditioned by the confusion which reigns within the military in the wake of the Falklands defeat.

Gen Bignone on Tuesday publicly contradicted a statement made the day before by the air force chief, Brig Gen Basilio Lami Dozo. Gen Bignone said his Government did not support the creation of an official military-backed party.

On Monday, Brig Gen Lami Dozo said the envisaged party should group all Argentines "who felt identified with the ideals and objectives" of the 1976 coup.

The idea was strongly criticised by politicians and trade union leaders. Sr Deolindo Bittel, the Peronist leader, said be was "shocked" by the statement.

"The surprise announcement appears to cast new doubts on the President's solemn promise to hold elections before 1984," Sr Bittel said.

Latin American oil supply programme extended

CARACAS — Venezuela and Mexico, Latin America's largest crude producers, have decided to extend their joint oil supply programme to nine Central American and Caribbean countries for another year.

The extension was announced simultaneously on Tuesday by Venezuelan President Luis Herrera Campins and Mexican President Jose Lopez Portillo.

President Herrera made the announcement while visiting Jamaica, one of the countries benefitting from the programme.

Under the scheme, agreed in San Jose in August 1980, Venezuela and Mexico pledged to supply about 160,000 barrels a day of oil to the nine countries and to bear 30 per cent of the cost.

The other eight countries in the scheme are Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, Panama, the Dominican Republic and Barbados.

Before the joint arrangement, Venezuela alone supplied oil to these countries. Venezuela has already spent about $200m (£114.3m) on the programme.

Venezuela and Mexico are currently working towards the establishment of a Latin American petroleum company that will develop energy sources in the region.

Opecna

White House rally says Reaganomics has failed

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

THE "first anniversary of Reaganomics" was marked in Washington yesterday by accusations from Democrats that the Administration's economic policies had failed and a pre-dawn demonstration outside the White House by unemployed and retired trade unionists.

About 200 people chanted "Wake up, Mr President, we want work." In a 4.00 am rally organised by the United Steel Workers and the United Auto Workers unions.

Mr Reagan's opponents were attempting to draw attention to the first anniversary of the passage through Congress of his three-year tax-cutting programme that was meant to lay the foundation of a supply-side revival of the U.S. economy.

"Happy birthday, Reaganomics, one year too old," read one placard outside the White House.

On Capitol Hill, more than a dozen Democratic Congressmen took to the House floor to call for a change in economic policy and demand an admission from the White House that Reaganomics had failed.

"Not only is the Reagan Administration an obvious failure with Reaganomics, but it is a poor loser" by refusing to change course, said Mr Bruce Vento, a Minnesota Democrat.

Mr Ray Kogovsek of Colorado reminded the House that Mr Reagan had asked during his Presidential election campaign whether voters were better off after four years of President Jimmy Carter.

Today, he said, "There are few who can say 'Yes, I am better off than I was a year ago.'"

Undeterred, Mr Reagan invited a bipartisan Congressional delegation to the White House to lobby against a resolution proposing a freeze on nuclear weapons at present levels, due to be voted on in the House today.

Mr Reagan has constantly made it clear that he only favours a freeze if it follows the negotiation of major reductions in nuclear arsenals so as to establish parity.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1978=100); retail sales value (1978=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unemployed	Vacs.
1981							
2nd qtr.	99.4	89.4	88	104.7	134.5	2,482	89
3rd qtr.	100.3	90.1	104	105.5	139.1	2,641	96
4th qtr.	100.6	89.9	92	105.4	168.5	2,752	104
Dec	99.8	88.7	86	104.6	193.1	2,769	108
1982							
1st qtr.	100.4	89.8	91	106.6	141.3	2,817	112
2nd qtr.				106.3		2,878	107
Jan	99.9	88.6	87	107.0	143.9	2,812	112
Feb	100.5	90.1	93	106.1	137.6	2,818	113
March	100.8	90.2	92	106.6	142.3	2,822	111
April	101.5	89.9	99	105.9	146.1	2,850	110
May	102.6	91.2		105.8	145.4	2,872	107
June				107.0		2,911	105
July						2,926	111

OUTPUT—By market sector: consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1981							
2nd qtr.	93.1	89.3	118.0	85.2	78.4	75.5	14.1
3rd qtr.	93.8	89.8	118.7	86.5	77.8	75.3	14.2
4th qtr.	93.3	90.0	121.3	86.4	82.3	75.5	11.6
Nov	93.0	90.0	121.0	86.0	82.0	76.0	13.9
Dec	93.0	90.0	120.0	87.0	81.0	75.0	7.8
1982							
1st qtr.	91.8	92.3	119.1	87.8	80.6	73.5	14.9
Jan	91.0	91.0	120.0	87.0	81.0	73.0	11.6
Feb	92.0	92.0	119.0	88.0	83.0	74.0	15.4
March	92.0	93.0	119.0	89.0	77.0	73.0	17.3
April	92.0	93.0	120.0	87.0	82.0	73.0	17.2
May							18.2

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1981							
4th qtr.	132.0	125.7	+490	+1,365	+698	99.2	23.35
Sept	129.8	126.9	+ 58	+271	+291	97.9	23.70
Oct	136.0	121.0	+402	+694	+ 74	97.9	23.32
Nov	130.1	135.5	−227	+ 65	+205	99.5	23.46
Dec	190.0	120.6	+315	+606	+419	100.1	23.35
1982							
1st qtr.	125.3	122.7	+356	+685	+707	101.5	18.97
2nd qtr.	131.5	130.6	+ 83	+533	+923	101.0	17.70
Jan	119.0	123.2	−103	+ 7	+187	101.7	23.23
Feb	124.3	120.2	+188	+298	+287	101.0	23.37
March	132.7	124.8	+271	+380	+231	101.6	18.97
April	134.6	130.3	+196	+346	+419	101.0	18.16
May	132.9	135.6	−115	+ 35	+327	100.7	17.82
June	127.1	125.8	+ 2	+152	+177	101.3	17.70
July							17.94

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1981							
2nd qtr.	23.1	17.3	6.5	+4,036	1,103	1,984	12
3rd qtr.	8.1	18.1	29.7	+6,031	868	2,057	—
4th qtr.				+2,385	422	2,081	—
Oct	−4.7	20.2	24.0	+1,425	154	690	—
Nov	7.6	17.3	20.4	+ 460	65	684	—
Dec				+ 480	203	707	—
1982							
1st qtr.				+3,126	967	2,157	
2nd qtr.	2.3	8.0	26.2	+4,485	1,344		
Jan				+ 857	356	665	
Feb	8.1	6.8	17.1	+1,101	347	698	
March	3.9	7.1	24.5	+1,168	264	794	
April	−3.1	4.7	26.1	+1,619	437	728	
May	−0.2	9.3	26.8	+1,627	478	709	
June	+10.8	10.1	25.5	+1,239	429		

INFLATION—Indices of earnings (Jan 1975=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (1975=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1981							
2nd qtr.	202.2	225.8	219.4	294.0	277.0	245.07	97.8
3rd qtr.	209.9	235.9	224.1	299.1	278.8	260.83	90.6
4th qtr.	214.6	237.3	229.2	306.5	285.8	248.97	89.7
Nov	214.3	236.9	229.4	306.9	285.5	245.79	90.1
Dec	217.1	236.8	230.4	308.8	288.5	248.97	90.8
1982							
1st qtr.	216.9	238.0	234.3	311.6	297.7	242.40	91.1
2nd qtr.		239.5	238.2	321.5	304.1	233.46	90.3
Jan	214.1	238.9	232.9	310.6	296.1	252.94	91.1
Feb	217.0	239.9	234.4	310.7	297.2	241.77	91.5
March	219.7	235.4	235.5	313.4	299.8	242.40	90.8
April	219.6	238.7	237.0	319.7	302.6	246.84	90.9
May	222.4	237.2	237.3	322.0	305.6	237.29	89.9
June		242.7	238.3	322.9	304.1	233.46	91.1
July			239.2			229.51	91.2

*Not seasonally adjusted.

EEC warns textile makers on imports

BY GILES MERRITT IN BRUSSELS

THE EEC yesterday issued a stern warning that continued refusal by some of the world's leading textile exporting countries to sign the new 1982-86 Multi-fibre Arrangement (MFA) would lead to import curbs being imposed on them unilaterally.

Herr Horst Krenzler, the European Commission's chief textiles negotiator, made it plain that failure by the so-called "militants" to agree to the EEC's restrictive terms at negotiations to be held during September would carry a serious risk of unilateral measures. These, he said, would cut their exports even more sharply than the new MFA proposals.

The threat of curbs being applied under the safeguards code embodied in Article XIX of the General Agreement on Tariffs and Trade was aimed specifically at the 12 MFA countries that have to date resisted cutbacks demanded by the EEC. These 12 countries have insisted on unscheduled "second round" negotiations with Brussels next month.

The 12 MFA signatory-countries are responsible for some 50 per cent of the textile exports to the EEC covered by the MFA pact. Should they still refuse to accept the cutbacks after the renewed talks, there is a serious danger that the EEC will withdraw from the MFA and cause the 10-year-old textile trading framework to collapse.

The 12 militant MFA countries include the three "dominant suppliers," Hong Kong, South Korea and Macao. These, together with Taiwan, are responsible for about 40 per cent of the EEC's low-cost textile imports.

The others, many of which have taken their political lead on the MFA renewal question from the dominant exporters, are India, Singapore, Malaysia, the Philippines, Indonesia, Brazil, Colombia, Yugoslavia and Egypt.

A special meeting of MFA exporting countries has now been called to take place in Geneva during the first week of September.

Invitations have also been issued to the 14 countries that have now accepted the tough new MFA terms, but it is clear that the meeting is likely to be a "council of war" that will enable the militant countries to discuss their forthcoming moves.

The Brussels Commission is making it clear to these countries that they have only until September 21 to agree to demands that include cutbacks on sensitive clothing categories and special anti-surge devices.

Herr Krenzler yesterday ruled out any likelihood of the Commission seeking a fresh and more liberal negotiating mandate from EEC member-states in view of the $4bn (£2.3bn) deficit that the Community now runs on its textiles trade.

The Commission therefore plans to propose General Agreement on Tariffs and Trade (Gatt) safeguard measures to the EEC Council of Ministers when it meets at the end of September if no MFA agreement has been reached by then.

But a number of the MFA militants have already let it be known that they will strongly contest an interpretation of the Gatt in which safeguard measures are selectively employed.

Embargo hits Turkish T-shirt sales

ISTANBUL — European Economic Community embargo on Turkish T-shirt exports until October 15 is causing concern in Turkey's fledgling industry already beset by a tight domestic market, an official of the Turkish Textile Products Association said.

"The decision will mean a closure of several small workshops catering to the needs of major exporters," he added.

(The EEC Commission cited rising import figures from Turkey for issuing the ban. According to EEC statistics, the 10-member countries bought a total of 9.3m shirts in the first four months of this year. The projected import figure for 1980 was 10.6m, an official in Brussels said.)

Miss Isin Kizilkaya, who is in charge of the association's export department, said manufacturers will hold an extraordinary meeting today to chart a course aimed at reversing the EEC resolution.

A separate meeting will be held tomorrow with government officials in which the exporters will seek official support for their cause.

Industry officials said the decision will affect planned exports for 1983, resulting in the loss of millions of dollars.

Reuter

John Wicks in Zurich explores problems in providing enough cash for trade cover

The risks behind Swiss export protection

SWITZERLAND'S Export Risk Guarantee system is rapidly running out of money. Figures published by the Ministry for Economic Affairs in Berne show that the fund booked its fourth consecutive annual loss in 1981, bringing available capital down to only SwFr 77.4m (£21.5m). An anticipated deficit this year seems certain to use up the rest of the fund's reserves.

To keep the programme running, the federal Government will, therefore, have to give the ERG its first injection of public money since it was set up in 1934.

The existence of ERG is of considerable importance to Swiss industry because the fate of most manufacturing sectors depends on foreign sales.

Exports of goods and services account for more than 35 per cent of the country's gross national product.

Last year, new guarantees granted by the fund amounted to SwFr 11.3bn (£3.1bn) the equivalent of more than one-fifth of total merchandise exports. Adequate risk coverage is essential, particularly for the vulnerable machine building and watch industries.

Until a few years ago, the ERG system was a money-spinner. By the end of 1977, the fund's reserves had risen to more than SwFr 400m. Since these reserves were, at the time, an integral part of the federal accounts and not subject to interest payments, the Government profited accordingly. Nobody envisaged the possibility of having to pump public money into the fund in the near future.

The ERG's fortunes changed suddenly in 1978, especially as the result of a massive strengthening of the Swiss Franc. Large-scale claims on currency-risk coverage and—to a lesser extent—the relatively high level of sovereign risk payments have meant that even substantial increases in premiums have proved insufficient to meet the growth in expenditure.

Ironically, the necessity for an injection of state financing comes only a year after ERG became an independent and self-supporting fund. Early in 1981, the fund was made autonomous, being set up with assets of SwFr 200.4m (£55m). This sum came from the already depleted reserves from earlier years, with the Exchequer contributing additional proceeds from the National Bank's erstwhile negative-interest levy on foreign Swiss franc holdings.

By the end of last year, a loss of SwFr 123m had reduced the fund's capital to the SwFr 77.4m. While fees brought in SwFr 137.9m and reimbursements a further SwFr 14.81m in 1981, claims totalled SwFr 301.6m.

With the Swiss Franc more stable, exchange-rate losses have today become less of a problem for Swiss exporters.

In today's difficult conditions on world markets, most Swiss exporters are working with slim profit margins. Any drastic deterioration in risk coverage could have dire effects.

Nevertheless, currency risk claims still accounted for a lion's share of SwFr 192.8m from last year's payout of SwFr 301.6m. Of the remainder, SwFr 91m was taken up by the results of official debt consolidation agreements with Turkey, Togo, Peru, Zaire and the Sudan.

This meant that only SwFr 17.7m went on more straightforward exporters' losses, such as those caused by political events, outstanding payments from deliveries to state bodies or delays in transfers.

In fact, developing countries' share of guarantee coverage is growing. Last year, these nations — including Opec countries and "threshold" areas—accounted for nearly two-thirds of the entire federal liability, as compared with less than 57 per cent in 1980. However, the EEC and European Free Trade Association blocs, the U.S. and Canada still made up 24.4 per cent of the total. Coverage in these countries was taken primarily against currency risks.

At the same time, the overall volume of exposure has decreased noticeably. With SwFr 14.3bn worth of guarantees running out or being cancelled in 1981—against the SwFr 11.3bn of new commitments—ERG's total liability has dropped by SwFr 3bn to SwFr 22.3bn.

For all that, another wide gap between income and expenditure is expected this year. Sovereign and transfer-risk claims are likely to be as high as in 1981, while about SwFr 80m is expected to be paid alone for currency losses on guarantees granted during recession.

But there is no danger of the whole system folding for lack of financing. The Government will keep things going with a loan of as much as is needed. However, the situation is different now that the fund is autonomous and will therefore have to pay interest on its federal loan. The law also demands that the fund's deficit be only temporary.

This means the fund will have to see that it earns more and spends less.

The Association of Machinery Manufacturers, whose members account for 74 per cent of the billings insured with ERG, points out that premiums are already among the highest in the world. At the same time, it says, adequate export-risk coverage is vital for Swiss producers at a time of tougher international competition.

Premiums are high because, since 1980, fees have been based on total billings rather than on actual guaranteed sums. A typical premium, including bad-debt insurance, would today be of 1.24 per cent of the billing for 80 per cent coverage over a 30-month period. This rises to almost 6 per cent when currency risks are also met.

High as premiums are, it looks as though some kind of move will have to be made to increase them. This would probably affect exchange-rate coverage rather than the more traditional sovereign risks.

Coverage rates may also have to be reduced to some extent to reduce the fund's risks. At present, coverage is generally between 70 and 90 per cent of a given billing (last year's average lay at 81 per cent), with an absolute maximum of 95 per cent in exceptional cases only.

Whatever the case, there is not much leeway. In today's difficult conditions on world markets. Most Swiss exporters are working with slim profit margins. Any drastic deterioration in risk coverage could have dire effects.

Hong Kong requests Gatt hearing on French curbs

BY ROBERT COTTRELL IN HONG KONG

HONG KONG has requested the convening of a Gatt (General Agreement on Tariffs and Trade) panel to hear its complaints about unilateral French restrictions on imports from the colony.

The French restrictions cover nine product categories, including certain types of clothing, radios and quartz watches. Hong Kong's exports of those restricted products to France in 1981 totalled HK$311m (£29.9m) or 21 per cent of its total domestic exports to France that year.

The major focus of Hong Kong's concern is quartz watches. France last year imposed a 15-month import ceiling of 5.5m quartz watches from Hong Kong for the period between October 1981 and December 1982.

The quota matches the level of Hong Kong's quartz watch exports to France in 1981, when the 5.5m watches shipped were valued at HK$189m. Prior to the quota imposition, Hong Kong had hoped to sell 8m quartz watches in the 15-month period.

Restrictions on the other eight categories of goods date back as far as 1957. Following the implementation of the watch quota last October, Hong Kong tried to put pressure on France through the EEC Commission, but failed to achieve satisfactory results.

Babcock-Moxey in £5.5m ship-unloader contract

BY PAUL CHEESERIGHT

BABCOCK - MOXEY, the Gloucester company in the Babcock International group, has won a £5.5m order for the supply of two continuous ship unloaders from China Light and Power for use at the Castle Peak "A" and "B" power stations in Hong Kong.

The order represents a commercial breakthrough for new technology in the bulk-handling of materials. "The value of the order is relatively small; the importance is in the worldwide potential," the company said.

Instead of using an unloading system which, in effect, grabs at the coal being unloaded from vessels at the Castle Peak jetty, the continuous unloader works on the basis of a moving bucket wheel which feeds the coal on to conveyors.

Delivery of the machines is planned for the end of 1984 and mid-1984. They will be manufactured at the Babcock works in Renfrew and shipped to Hong Kong in sections.

The Babcock group is already involved as a boiler contractor at the Castle Peak power stations for which GEC is the main contractor. The Babcock-Moxey order is thus part of an overall package.

Babcock-Moxey is said to have a lead in this form of bulk materials handling. The only other similar machines are being made in Finland and France.

Ericsson wins £7.3m U.S. communications order

BY WILLIAM DULLFORCE IN STOCKHOLM

ERICSSON, the Swedish telecommunications group, reports a $12.5m (£7.3m) "breakthrough" order for its AXE digital switching equipment from the U.S.

The initial contract for three telephone exchanges has been placed by MCI Communications Corporation with options to buy additional equipment over a five-year period.

The Swedish group's computerised AXE systems have been sold to some 40 countries to a total value of over SKr 10bn (£1bn), including a contract with Saudi Arabia shared with Philips of the Netherlands. The MCI Communications' order, however, is the first obtained from the U.S.

Mr Knut Alberlson, head of Ericsson's telephone exchange sales, said the order was small but important. Ericsson would obtain a U.S. reference and would show that its system could be adapted to the differing U.S. standards.

Ericsson has its eye on the U.S. market for mobile telephone services which is scheduled for fast growth. Operating companies have filed applications for 30 large territories.

Saudis renew UK air deal

BAHRAIN — Saudi Arabia has renewed a three-year Saudi Riyal 2bn (£333m) contract with Britain for training and technical services and supplies to the kingdom's air force, the British Embassy in Jeddah said yesterday.

The contract calls for the provision of training and technical services to the Air Academy in Riyadh and the Technical Studies Institute in Dhahran in the eastern province, and maintenance and supplies services for British-supplied Lightning interceptors and Strikemaster jet trainers.

More than 1,500 instructors and technicians from British Aerospace are involved in the programme.

Reuter

UK NEWS

Consumer credit applications rise 11%

By David Churchill, Consumer Affairs Correspondent

A SHARP increase in consumer applications for credit facilities was reported yesterday by the United Association for the Protection of Trade, the largest credit reference agency in the UK.

The rise follows the abolition of hire purchase controls last week.

Applications for credit are up by about 11 per cent this week, compared with the week before controls were lifted.

The increase is more significant since consumer credit applications before the abolition of hire purchase controls were running about 5 per cent lower this year than in the same period of 1981.

Application in Northern Ireland and Scotland increased by 18 per cent each, while the increase was about 18 per cent in the south.

The association said yesterday there was "no sign as yet of the surge in applications abating."

Meanwhile, the Office of Fair Trading revealed yesterday that more companies were seeking a licence to offer credit facilities. The OFT has received about 3,700 licence applications in the past three months—an increase of 21 per cent on the same period last year.

But he warned that new credit traders should be aware of the "high standards required and learn from the lesson of the many companies which have either lost or been refused credit licences."

More than 600 traders have been warned since July 1978, when the relevant sections of the Consumer Credit Act came into force, that the OFT was dissatisfied with their trading behaviour.

Some 204 of these were subsequently refused licences or had existing licences revoked.

Bank lending 'may have ended mortgage queues'

BY MICHAEL CASSELL

THE increased presence of banks in the home loan market may have done away with mortgage queues, according to the building societies.

The Building Societies Association says it seems unlikely—barring government intervention—that societies will have to turn away business to the extent that was necessary in the past.

The banks had created a fundamental change in the home-loan market from a system of rationing and consequent latent demand to one in which loans were "available to anyone willing and able to afford the repayments."

The latest issue of the BSA Bulletin, published today, when societies are expected to announce a reduction of at least 1 per cent in the mortgage rate, says that while some small problems in meeting demand might occasionally arise, the old pattern of lengthy and permanent mortgage queues was unlikely to return.

The societies believe that demand for mortgages will remain high for some time, given the disappearance of lending constraints, falling interest rates and relatively low house prices.

The association says that recent reports of the reappearance of mortgage queues were "almost certainly the result of some slight change in conditions in the new environment in which societies now operate, rather than a general return to the old position."

One indication of the generally easier conditions in the mortgage market has been the rapid increase in the average percentage advance.

In the third quarter of 1980, societies were lending on average only 45 per cent of the purchase price to existing owner-occupiers when they moved house. By the first quarter of this year, it had risen to nearly 56 per cent. Over the same period, the average percentage advance to first-time purchasers rose from 73 per cent to 83 per cent.

The building societies advanced a record £3.74bn in the second quarter of this year, against £2.5bn in the first, made 220,000 loans and promised a further 236,000 mortgages—implying an annual rate in excess of 1m loans a year.

The association confirms that house prices are, in relation to average incomes, at their lowest point since 1960. However, it expects price rises to be running in line with, or ahead of, inflation by the end of the year.

Index-linked scheme approved

BY ERIC SHORT

THE ALLIANCE Building Society has been given permission by Mr Michael Bridgeman, the Chief Registrar of Friendly Societies, to launch its Alliance Index-Linked certificate, the first index-linked building society investment.

Mr Bridgeman has, however, ruled that it is a once-only offer limited to £25m.

The certificate operates in a similar manner to the Index-Linked National Savings Certificates. The amount invested is revalued in line with the Retail Price Index over its five-year life and a bonus—10 per cent of the original investment—is paid at the end of the investment period.

Doubts had been expressed over the legality of the scheme because investment would be in index-linked gilt stocks and not in mortgages.

However, Alliance argued that since it has already bought the index-linked gilts, the money raised from the sale of the certificate will be available for mortgage lending.

Mr Bridgeman said a number of other building societies were showing an interest in different forms of index-linking. He was not "prepared to give any information about the societies. Nor would he say whether their interest concerned index-linked savings schemes, index-linked mortgages or simply investment in index-linked gilts.

He said he would be issuing guidelines to societies on index-linking within the next few weeks.

The Alliance certificate goes on sale on Monday, August 9.

BSC fails to win fuel costs relief

By Richard Johns

THE GOVERNMENT has decided against any further relief, to ease the burden of energy costs on the British Steel Corporation. The corporation says it is still at a significant disadvantage compared with its European competitors.

Commenting on a proposal by the House of Commons Industry and Trade Committee, the Department of Industry said that measures in the 1982-83 budget should reduce the energy bill of large industrial consumers by an estimated £160m.

The committee's report on BSC, published at the end of March, recommended that the Government "should once again review prices for energy, especially for heavy industry." It also drew attention to the threat to European manufacturers from U.S. restrictions against imports from non-EEC companies and the danger of their dumping surplus output on the community.

In its observations on the committee's report, the department reaffirmed the Government's intent to make the UK Energy Department more competitive. In particular, it expressed the hope that by ending British Gas's monopoly on contract supplies of North Sea gas, prices for the fuel would "be determined to a greater extent by competition between producers." However, the effect of this might be to raise the average price.

In its submission to the committee late last year BSC calculated its cost disadvantage compared to its "major competitors"—West Germany and France—to be in the order of £40m, or an average of £2 per tonne. The corporation was particularly concerned about its higher electricity costs which it put at £35m.

BSC was unable yesterday to estimate how much its energy bill was reduced by the budget. The provisions affecting heavy industry were the freeze in the price charged by the British Gas Corporation for any single customer after the first 25,000 therms until the end of 1982, reductions of up to 16 per cent for large consumers of electricity, and support for the National Coal Board

More cuts forecast at ports

By Andrew Fisher, Shipping Correspondent

FURTHER cuts in employment and capacity at Britain's ports are on the way, according to a study released yesterday.

Already the ports handle a third more cargo than they did in the mid-1960s, with far fewer dockers.

The study by Cranfield Institute of Technology for the British Ports Association, said there was still spare port capacity in the UK.

Shifting patterns of trade, as EEC markets have become more dominant, have combined with the trend to containerisation to benefit ports on the East coast at the expense of those on the West in the past 20 years.

The study, by the institute's Centre for Transport Studies, did not forecast how rapid the decline in employment or facilities might be. But Mr James Davidson, chairman of the BPA, believed the number of registered dock workers could fall further to around 14,000 in 1985, compared with 13,500 now, and more than 60,000 in 1965.

The numbers employed in the industry have fallen from almost 130,000 in 1965 to less than 60,000 today, including non-dockers.

The study noted that 56 per cent of Britain's foreign trade was with countries on distant 1950s. But 15 years later, this had fallento 41 per cent.

deep-sea routes in the mid-

By 1980, said the Institute, about 80 per cent of general cargoes and 12 per cent of semi-bulks, such as forest products and animal feedstuffs, were being handled in unitised form with containers or trailers.

Because of North Sea oil, the amount of petroleum taken by coastal traffic has risen from 63m to 104m tonnes and oil exports now outweigh imports.

The study did not expect total tonnage figures to increase significantly in the next few years, because of guarded expectations of trade growth. In the 15 years to 1980, traffic handled by British ports rose from 311m tonnes (including 157m tonnes of petroleum) more than 414m (237m) tonnes.

The institute said that berths equipped to handle units of cargo were utilised better than those dealing with conventional traffic.

An average of 50 per cent of total capacity in 1979 for roll-on/roll-off cargoes where goods are carried on vehicles, wheeled trailers, or rail wagons; and 55-60 per cent for lift-on/lift-off cargoes for which cranes ares used.

There were considerable regional variations, in line with the general shift in business. In the south-west, Wales and the north-west, utilisation was only 30 per cent. In East Anglia, which takes in the fast-growing container port of Felixstowe, it was up to 70 per cent.

Threat to 7,000 electricity jobs

THE electricity supply industry plans to cut more than 7,000 jobs in the next two years. Many will result from power station closures.

The proposal to cut the industry's workforce from 142,610 in the present financial year to 135,440 in 1984/85 comes in the Electricity Council's latest medium-term development plan.

The proposed cuts are in line with the industry's electricity demand forecasts, which have been revised downwards. Last year the council predicted that electricity demand in 1987/88 would be 240 terrawatt hours. Now it reckons demand will be only 222.9 TWH. (A terrawatt hour equals 1bn electricity units, with each unit representing an hour's use of a one-bar electric fire).

The council's plan also shows that the industry is "assuming" that the Government will set it an overall target of a 2 per cent return on net assets for the next three years.

It believes, however, that in 1983-84 and in 1984-85 this will be adjusted downwards to 1.7 per cent to take account of the concessions made to major industrial consumers.

Steps taken to quell opposition over current cost accounting

BY CHRIS CAMERON-JONES

STEPS TO quell remaining opposition to the retention of current cost accounting standard SSAP 16 were taken yesterday by the Accounting Standards Committee.

Mr Ian Hay Davison, committee chairman, said the standard was never intended to be "provisional" nor to remain in force for only three years. It had equivalent standing to all other statements of standard accounting practice.

But the Keymer Haslam resolution which failed last week by a narrow margin to win majority support for withdrawal of the standard did have some impact.

"Significant concerns exist within a large minority of the Institute of Chartered Accountants of England and Wales about the future of this important accounting standard," Mr Davison said. "The process for evaluating the standard and making proposals for amendment were already under way. Views expressed recently would be considered carefully.

"Whatever else, the result will be evolutionary, not revolutionary," he added.

A sub committee has been set up to monitor application of the standard, and to evaluate the use and usefulness of CCA information and consider problems with the standard.

A working party chaired by Mr Tom Neville, finance director of Vickers, will seek ways to encourage adoption of the standard and to improve its understanding.

A programme of evaluation has also been commissioned, under the guidance of Professor Bryan Carsberg, director of research at the institute. This is surveying opinion among "a wide spectrum of commentators," on the usefulness of the current cost information to management, investment, credit analysis, and to the Government. It will also examine implementation problems.

But the survey will seek one key piece of information: "The facts about what it really costs to produce a CCA statement instead of rumours," Mr Davison said.

It was also announced yesterday that Sir Douglas Morpeth, vice-chairman of the Accounting Standards Committee, intends to step down in the planned reconstitution of the ASC. Sir Douglas has played a leading role in developing SSAP 16 and he chairs the Inflation Accounting sub committee. His successor is likely to be appointed from the new members.

Mr Martin Haslam and Mr David Keymer, the two rank and file chartered accountants who began the revolt over the standard, were yesterday unavailable for comment.

Standards proposals endorsed

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

BOTH SIDES of industry yesterday endorsed the Government's initiative to raise the status of standards and quality assurance in British industry.

Lord Cockfield, the Trade Secretary, introduced proposals at the National Economic Development Council in London, following the publication last week of a White Paper.

The proposals call for greater co-operation between government and the British Standards Institution (BSI), the national standards body. They commit the Government to greater use of standards in its regulatory powers and in public purchasing.

The Government also intends to encourage centrally co-ordinated certification schemes and perhaps to introduce a national mark.

Endorsement by the Confederation of British Industry and the Trade Union Congress at the NEDC opened the way to putting the proposals into practice.

The proposals involve NEDC working parties to:

- Specify product areas where there is a priority need for certification schemes for establishing a standard and having producers made to that standard identified;
- Specify existing British standards which do not reflect the needs of the international market and to define new product areas needing standards.

The Government wishes to bring British practice into line with internationally recognised standards where possible to increase the international competitiveness of industry.

ICI loses £70m on heavy chemicals

BY SUE CAMERON

IMPERIAL CHEMICAL INDUSTRIES yesterday revealed that losses on its ailing heavy chemicals business were "roughly £70m" in the first six months of this year—not around £50m as had previously been supposed.

The new figure means that in the first half of 1982 alone ICI's losses on plastics and petrochemicals were almost 30 per cent higher than for the whole of last year.

ICI said yesterday the figure of "around £50m" indicated a week ago when total pre-tax profits for the half-year of £145m were announced, referred to heavy chemical losses in Western Europe alone. The precise figure was yesterday revealed to be £56m.

The company said its heavy chemical losses worldwide in the first half of 1982 had been around £70m. The figure includes trading losses on petrochemicals and plastics in Australia and the U.S. It also includes the business's share of the estimated profit-sharing bonus which is expected to be paid to employees.

The ICI heavy chemical worldwide loss for the first half of last year was £54m. The figure also included a profit-sharing bonus element.

Pension funds 'need protection'

BY ERIC SHORT

THE National Association of Pension Funds strongly disagrees with Professor Jim Gower over the role of pension funds in investment.

The association contends that pension funds are users, not providers, of investment services and have as much need as individual investors for investment protection.

Professor Gower, a lawyer and independent adviser to the Department of Trade, was asked last year to review protection for the investor following a series of investment company failures. His initial findings were published as a discussion document in January.

In the document Professor Gower argues that membership of a pension scheme was for most people the only substantial investment they would make in their lives apart from buying their home. He therefore thought pension funds should be included in his proposed regulations of the securities industry.

The association says Professor Gower completely misunderstood the nature of pension funds.

It argues that members' entitlement to benefit is independent of the underlying investment performance of the pension fund assets.

It accepts that pension benefits are a valuable entitlement for employees but says they are not investment in the accepted sense.

The association accepts Professor Gower's concept of self-regulation of investment organisations under a securities act. It says the views of the investing institutions should be sought at an early stage in the drafting of such legislation. It also considers that users of investment services should be represented in the supervisory system.

Professor Gower, in his discussion document, referred to pension funds as the least regulated of all investment services and supported the idea of a pensions act to formally regulate them.

The NAPF evidence makes no reference to this suggestion, treating it as an "in passant" reference, even though the association often expressed its total opposition to any such legislation.

£45m modernisation for Blue Circle

BY MICHAEL CASSELL

BLUE CIRCLE INDUSTRIES, Britain's biggest cement producer, is to spend £45m over the next two years on works and depot modernisation in the UK.

The programme forms part of the group's previously announced £300m, five-year investment strategy designed to strengthen its domestic cement-making and distribution operations.

The largest part of the £45m earmarked for works and depot improvements will be spent on Blue Circle's Cauldron works, near Stoke on Trent, Staffordshire. Modernisation of the 20-year-old manufacturing plant, which has an annual output of 750,000 tonnes of cement, will cost £28m.

At Hope works in Derbyshire, £4.4m is to be spent on new bulk and bag road dispatch equipment, continuing the programme of improvements which is already under way.

Other Blue Circle works and depots in Britain are currently having bag packing and loading equipment installed, at a cost of £11m.

هكذا من الأصل

BASE LENDING RATES

A.B.N. Bank	11½%	■ Guinness Mahon	11½%
Allied Irish Bank	11½%	■ Hambros Bank	11½%
Amro Bank	11½%	Hargreave Secs. Ltd.	11½%
Henry Ansbacher	11½%	Heritable & Gen. Trust	11½%
Arbuthnot Latham	11½%	■ Hill Samuel	§11½%
Associates Cap. Corp.	12 %	C. Hoare & Co.	†11½%
Banco de Bilbao	11½%	Hongkong & Shanghai	11½%
BCCI	11½%	Kingsnorth Trust Ltd.	13 %
Bank Hapoalim BM	11½%	Knowsley & Co. Ltd.	12 %
Bank of Ireland	11½%	Lloyds Bank	11½%
Bank Leumi (UK) plc	11½%	Mallinhall Limited	11½%
Bank of Cyprus	11½%	Edward Manson & Co.	13 %
Bank Street Sec. Ltd.	13 %	Midland Bank	11½%
Bank of N.S.W.	11½%	■ Samuel Montagu	11½%
Banque Belge Ltd.	11½%	■ Morgan Grenfell	11½%
Banque du Rhone	12 %	National Westminster	11½%
Barclays Bank	11½%	Norwich General Trust	11½%
Beneficial Trust Ltd.	12½%	P. S. Refson & Co.	11½%
Bremar Holdings Ltd.	12 %	Roxburghe Guarantee	12 %
Brit. Bank of Mid. East	11½%	Slavenburg's Bank	11½%
■ Brown Shipley	12 %	Standard Chartered	§11½%
Canada Perm't Trust	12½%	Trade Dev. Bank	11½%
Castle Court Trust Ltd.	12 %	Trustee Savings Bank	11½%
Cavendish G'ty T'st Ltd.	13 %	TCB	11½%
Cayzer Ltd.	11½%	United Bank of Kuwait	11½%
Cedar Holdings	12 %	Volkskas Intl. Ltd.	11½%
■ Charterhouse Japhet	11½%	Whiteaway Laidlaw	12 %
Choulartons	13 %	Williams & Glyn's	11½%
Citibank Savings	§12½%	Wintrust Secs. Ltd.	11½%
Clydesdale Bank	11½%	Yorkshire Bank	11½%
C. E. Coates	12½%	■ Members of the Accepting Houses Committee.	
Comm. Bk. of N. East	11½%	* 7-day deposits 8.5%, 1 month 8.75%. Short term £8,000/12 month 11.1%.	
Consolidated Credits	11½%	† 7-day deposits on sums of: under £10,000 8½%, £10,000 up to £50,000 9½%, £50,000 and over 9¾%.	
Co-operative Bank	11½%	‡ Call deposits £1,000 and over 8%.	
Corinthian Secs.	11½%	§ Demand deposits 8¾%.	
The Cyprus Popular Bk.	11½%	¶ Mortgage base rate.	
Duncan Lawrie	11½%		
Eagil Trust	11½%		
E.T. Trust	12 %		
Exeter Trust Ltd.	12½%		
First Nat. Fin. Corp.	14½%		
First Nat. Secs. Ltd.	14 %		
Robert Fraser	12½%		
Grindlays Bank	†11½%		

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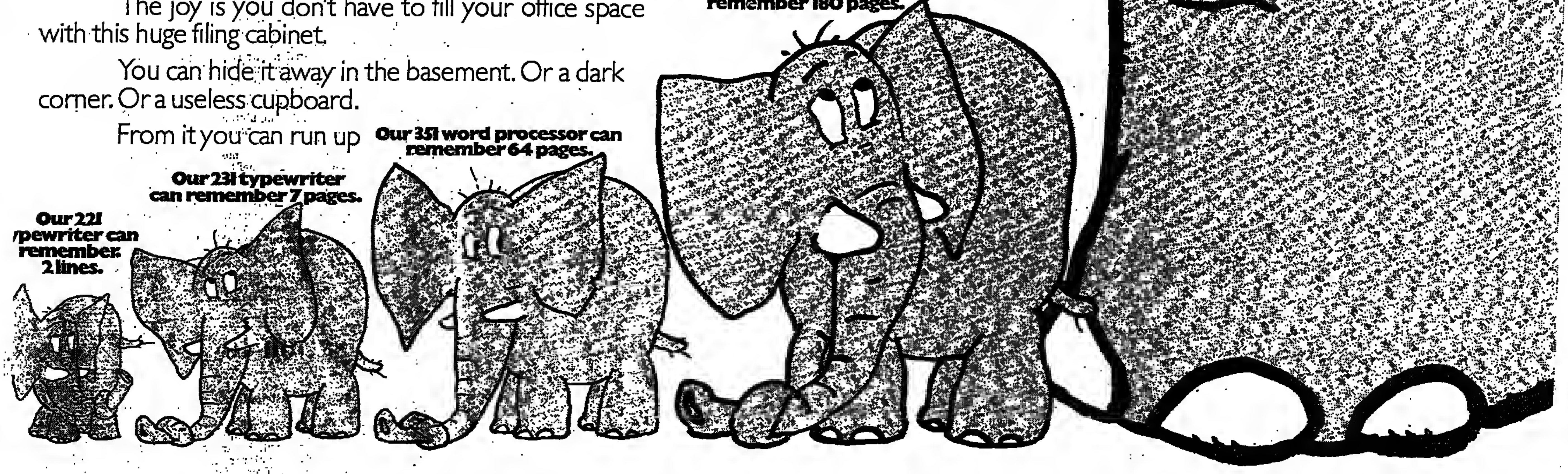

They can store information on their own floppy disks, as well as plugging in to the 1020's massive storehouse.

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Flexing muscles in the mining business

Anderson Strathclyde's fight against takeover. Mark Meredith reports

A SHOW of strength is planned today at the annual meeting of Anderson Strathclyde, the mining equipment manufacturer based in Scotland.

Andreson wants to show shareholders a powerful set of annual results, impressive production streamlining and well-developed export plans.

Sir Monty Finniston, Anderson's chairman, will portray his company as one not to be taken over lightly.

An unwelcoore takeover bid from Charter Consolidated, an industrial and mining finance company, now rests with the Monopolies and Mergers Commission. Charter already has a 28.4 per cent equity hold in Anderson.

Both sides have given their submissions to the commission. This amounted in Anderson's case to three thick red volumes drawn up with the aid of PEIDA Edinburgh Economic consultants, led by Professor Donald Mackay.

But the sniping goes on from the sidelines.

Anderson Strathclyde's good health, its directors feel, is its main reason for shareholders to reject the advances of Charter Consotidated. However, much political weight has been given to the company's presence in Scotland where it is the fifth largest employer. It has 3,500 workers and is the third largest engineering works after Wiers and Howden.

A decision by the Monopolies Commission last winter — when it turned down rival outside bids for the Royal Bank of Scotland — has been seen as a powerful precedent to defend the autonomy of rore industries in Scotland, of preserving the region's economy and encouraging industrial confidence.

Charter Consolidated's letter to shareholders in May said the company needed more funding if it was to make further inroads in the world market for mining equipment. It also faulted Anderson's management for being slow to adapt to changes in demand. Shareholders have been hit with postal salvos from both sides.

Sir Monty's defence is bolstered by a 76 per cent improvement in pre-tax profits for 1982 from £6.3m to £11.2m and an increase in turnover from £84.2m to £100m. The company has also improved its total dividend per share by 2p.

Anderson Strathclyde specialises in coal mining equipment. It produces the rugged machines used in long wall mining — giant-teethed wheels driven by powerful electric motors which chomp their way through the coalface.

The company also manufactures equipment for tunnelling and to carry rock from mines, electrical switchgear for the industry, and special cutting tools at its five plants in Scotland and three in England.

Divisional offices or subsidiaries in South Africa, the U.S. and Australia act as sales points or carry out local manufacturing or fabrication.

The coalface division headquarters is in the suitably grim setting of Motherwell in the industry belt between Glasgow and Edinburgh.

Mr Willie Pyle, director of the division, oversees the small revolution underway in the production of shearing equipment. This is to give the company the flexibility and efficiency to meet the highly variable demands of the market.

The factory is installing a £6m Flexible Manufacturing System to bring the production of the machine tooling or steel castings for the shearers under computerised control.

The requirements of each mine vary because of the differing sizes of roal seams and quality of roal. Shearers are assembled in modules which can be altered to buyers' specifications.

But machine tooling of the heavy castings have produced a bottlaneck. Tooling the steel, often for one-off units, led to queues in the production line, months' delay in production and heavy pressure on both workers and equipment.

The new system was installed with assistance from the Department of Industry. It makes the entire machine tooling floor nearly fully automatic. Pallets with steel to be tooled will travel between six machining centres on bogies on an electrical field track. It is to be the largest and most complex in Europe for the machining of prismatic parts.

Trade unions at the company have backed Anderson's rejection of the Charter Consolidated bid. They have been briefed on the reductions in staffing which will accompany flexible machining. The company plans to allow natural wastage of jobs.

Anderson sees the future for mining in terms of long wall sheering — arguably the most efficient and economic method of coalmining after open-cast mining.

The technique involves driving two parallel roadways about 200 yards apart into a roal seam and then working between the two roadways back and forth cutting the coal.

The technique is widely established in the UK and in Europe. It replaces the conventional room and pillar system where a coal seam is boxed off and criss-crossed with corridors which become rooms, eventually leaving pillars of coal and rock as roof supports.

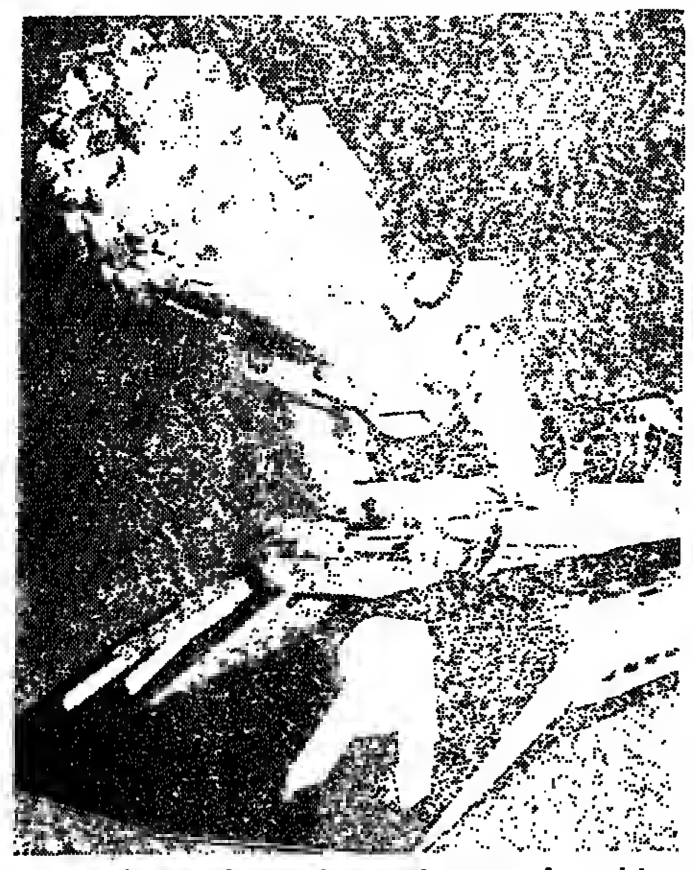
Longwall mining, the technique now used extensively by Anderson Stratchclyde's main customer, the National Coal Board, cleans all available coal as it cuts its way shearing through the coalface between the two roadways.

The equipment has compact electric motors of up to 1,000KW and crawls along a cogged track. This eliminates the use of chains traditionally a safety hazard.

Eickhoff of West Germany has been Anderson's main competition to date, particularly for exports.

Anderson has delivered, since 1973, shearing equipment worth nearly £23m to Poland, India and China. The Chinese market has been wooed extensively with a senior manager visiting China at least once a year.

But Anderson's eyes are fixed on maintaining its 30 per cent share of the growing American market, where 700m tonnes of coal are mined annually. Only 10 per cent, according to one estimate, is done by the long wall method.



A tunnelling shield-mounted cutting boom manufactured by Anderson Strathclyde.

Sealink's job cuts plan angers seamen's leader

BY BRIAN GROOM, LABOUR STAFF

A PUBLIC INQUIRY may be the only way to deal with "stupid, irresponsible" management at Sealink UK, a seamen's leader claimed last night.

Mr Jim Slater, general secretary of the National Union of Seamen, was angry over a disclosure that Sealink planned to cut 2,000 jobs—a fifth of its workforce—over the next five years.

The cuts were revealed by Mr Bill Henderson, the company's deputy managing director, only hours after the end of a national strike by Sealink's ferry crews.

The two sides are already at odds over the peace formula which resolved the strike, called over cuts in the pay bill for 500 seamen at Harwich.

Sealink withdrew pay cuts and changes in working practices after an NUS committee agreed to examine staff savings on the Harwich operation without a specific target.

The union was annoyed when Mr Henderson subsequently announced that the company had not budged from its original intention to make savings of nearly £1m on sailings to the Hook of Holland.

Some Sealink executives were puzzled last night by Mr Slater's reaction to the disclosure. They pointed out that Sealink had already told the union, in a confidential business plan, that the company was looking for 1,751 job losses by 1986.

But the new row underlines the dramatic worsening of industrial relations this year, which has sparked off disputes at Newhaven and Harwich, and two national strikes, as Sealink implemented cuts in an attempt to reverse its losses of the past two years.

Mr Henderson said industrial disruptions this year, including the effect on Sealink of the Aslef train drivers' strike, had already knocked the company off its internal forecast of a £4m pre-tax profit, although he hoped it would still return to the black.

Mr Slater said the further threat to jobs would have the worst possible impact on the NUS committee's "honest" attempt to come up with cost savings at Harwich.

It will also increase uncertainty in other ports. The 650 officers and ratings at Weymouth fear they may be the next in line to have their agreement on pay and conditions "torn up."

The three-ship operation—one to Cherbourg, two to the Channel Islands—is under threat. Sealink has said it may have to reduce it to two ships or cut its costs in running three.

Mr Henderson said there was currently a recession in the Channel Islands economy and the company would wait to see how that situation developed before making a move.

Mr Slater cited this week's national stoppage as an example of management ineptitude. "For management to provoke a strike at their period of peak revenue is just deplorable."

Mr Slater added that he would want an inquiry—virtually certain to be refused by the Government—to look at the history of the past few years. He was deeply unhappy with the performance of management at all levels.

He complained of the cumbersome structure whereby the union negotiated with a subsidiary of a public enterprise—British Rail—whose purse strings were controlled by the Government.

The NUS wants Sealink to be divorced from British Rail but to remain a public enterprise. The Government, however, plans to introduce private capital into the company.

Merseyside dockers reject strike

By Our Labour Staff

DOCKERS on Merseyside yesterday decided against striking in support of a demand for more pay although they refused to rule out such action later. It is feared that a stoppage would threaten the future of the loss-making Port of Liverpool.

Two thousand of the 2,500 registered dockers voted by a big majority at a meeting in Liverpool boxing stadium to continue three-month-old negotiations on pay and productivity. Talks between employers and the Transport and General Workers' Union will take place next week at a secret venue away from the port.

Mr James Fitzpatrick, chairman of the Liverpool Port Employers' Association, said: "The talks will go on non-stop throughout the week.

"I am determined that by the end of next week the port will have an agreement to ensure stability and a strong future. Everyone realised the decision to strike would have been disastrous."

Mr Fitzpatrick is managing director and chief executive of the Mersey Docks and Harbour Company, the dominant employer, which suffered a trading loss of £7.3m last year. The company has been ordered by the Government to end its losses by the end of the year or financial aid will be cut off.

Shop-stewards have so far rejected the employers' offer of a £9 a week increase coupled with substantial changes in working practices. The sticking point has been a demand for greater flexibility of gang manning on the waterfront. Employers want to be able to switch dockers quickly from one area to another.

They want to attract Canadian and Russian timber trade which has been lost to other ports and need to have gangs on hand immediately to start unloading.

The port is in the process of making redundant nearly 1,000 dockers, or one-third of the register.

Mr Denis Kelly, chairman of the Mersey docks shop-stewards, said yesterday: "We accept that the Port of Liverpool is in dire trouble and we have to explore every avenue to reach a just settlement. But the employers must realise we have given a lot of ground already."

Employers gave a warning earlier this week that a strike would place job security in jeopardy.

Membership campaign

THE Merseyside Chamber of Commerce and Industry has lauoched a campaign to increase membership by more than 500 companies over the next two years. The chamber already has a membership of more than 1,850 companies employing 370,000 people.

Civil servants agree to discussions on Megaw

BY OUR LABOUR CORRESPONDENT

CIVIL SERVICE union leaders have agreed to hold exploratory talks with the Government on the report of the Megaw Inquiry into a new system of pay determination for Britain's 530,000 white-collar civil servants.

The inquiry, presided over by Sir John Megaw, was broadly in favour of Government efforts to make Civil Service pay more subject to market forces and managerial requirements. It is understood the Government has now authorised Ministers to take part in discussions on the report.

Ministers are believed to approve of Megaw's general drive but to be less happy about some detailed recommendations. Some believe it to be too reminiscent of the work of the scrapped Clegg Commission on pay comparability.

General secretaries of all nine Civil Service unions agreed at a meeting earlier this week that the unions should take part in what were described as "ground clearing" talks.

Although the middle-grade Society of Civil and Public Servants was anxious that there should be no formal discussion on Megaw until after the next full meeting of the Council of Civil Service Unions in October, it was accepted that "without prejudice" talks could begin with the Treasury.

The unions' response to the report is unlikely to become clear until after the circulation to constituent unions of a draft CCSU paper on Megaw, which will be considered by the union leaders on August 17.

The unions have made an initial examination of Civil Service pay claims for 1983. Although both the clerical-grade Civil and Public Services Association and the union, the Inland Revenue Staff Federation, are committed to seeking flat rate increases, they agreed that the CCSU should again pursue a common claim.

Police aid sought as ambulancemen strike

BY OUR LABOUR STAFF

POLICE were called in to take emergency cases to hospital throughout most of the county of Cleveland in the north-east yesterday, because of a dispute involving more than 100 ambulancemen.

The stoppage was in the South Tees District Health Authority, which includes Hartlepool, Stockton, Middlesbrough and Langbaugh.

The ambulancemen began, from midnight, the latest in a series of one-day stoppages in support of the health workers' 12 per cent pay claim. Previous action had coincided with similar national days of action, but yesterday's strike was in isolation. The ambulancemen intended to maintain emergency cover.

"When the day shift reported for duty, management threatened to take them off the payroll if they did not work normally. A series of walkouts followed in five of the area's seven ambulance depots.

Shop-stewards agreed to go back to work at midnight last night and to hold a meeting early today according to Mr Maurice Frankland, joint union committee secretary. Some officials wanted the strike to be extended.

Mr Alan Taylor, spokesman for the National Union of Public Employees, said: "Management knew full well that this action was going to take place today. Our members were sticking to the TUC guidelines in covering emergencies as they have done in the past."

He added: "The men are naturally very angry. It was only when they reported for work they were given this ultimatum."

A management spokesman said: "We were given just 15 minutes' notice and we asked them to work normally. They were warned that if they did not, they would be considered to be sitting in."

Film union ends COI ban

BY OUR LABOUR STAFF

THE FILM technicians' union has lifted a ban on union members working on material for the Central Office of Information and other Government departments.

The Association of Cinematograph Television and Allied Technicians said this followed the winning of enhanced compensation for directors and production assistants among 26 ACTT technicians made redundant at the COI Film Unit on March 31. Guarantees of work with other subcontractors had been given to technicians who had not obtained alternative employment.

The COI Film Unit is being privatised in line with Government policy.

Oil production tops consumption by 43%

BY RAY DAFTER

THE UK's trade balance in oil has improved to the extent that production is outstripping domestic consumption by 43 per cent.

The gap, reported yesterday by the Government, compares with a surplus of 19.7 per cent last year and a slight deficit in 1980.

According to the Energy Department's provisional statistics, oil production in the April-June quarter totalled 23.9m tonnes, 4.2m tonnes more than in the corresponding period a year ago.

The figures show that UK production—mostly from the North Sea—is consistently running at an annual rate in excess of 100m tonnes, or over 2m barrels a day.

This means the UK is neck and neck with China and Iran for fifth place in the world's league of producers behind the Soviet Union, Saudi Arabia, the U.S. and Mexico.

Domestic use of oil products between April and June totalled 15.1m tonnes, 3.4 per cent up on the corresponding period last year.

Oil used for energy purposes—such as for transport fuels—totalled 13.8m tonnes, up 2.9 per cent on the April-June quarter in 1981, while oil used for non-energy purposes (including bitumen, lubricating oil and chemical feedstock) rose by 6 per cent.

Oil was the only major fuel to register an increase in demand in the quarter. Consumption of coal totalled 27.1m tonnes, 2.5 per cent less than in the corresponding quarter last year, while demand for natural gas fell by 10.6 per cent to the equivalent of 13.8m tonnes of coal.

Overall energy demand was the equivalent of 70.4m tonnes of coal, 2.6 per cent less than in the corresponding period last year.

Production of UK primary fuels—oil, gas, coal, nuclear power and hydro-electricity—rose 6 per cent to the equivalent of 83.8m tonnes of coal in the quarter. This increase was, however, almost totally attributed to the oil industry.

Output of coal totalled 31.1m tonnes, 2.4 per cent less than in the corresponding quarter of 1981. Natural gas production fell by 11.5 per cent to the equivalent of 10.1m tonnes of coal.

Production of the nuclear and hydro electricity industries rose slightly, from the equivalent of 3.5m tonnes of coal to 3.6m tonnes this year.

Passenger traffic rises at East Midlands airport

BY LYNTON McLAIN

EAST MIDLANDS Airport dealt with almost a third more passengers in the first six months of this year than in the same period last year, the airport authority said yesterday.

Passengers since January 1 totalled 400,265. Air freight for the period was also up on last year, with a rise of 71 per cent to 9.7m lbs between January and June.

These latest figures follow the airport's results for April and May when it achieved what was thought to be the highest rate of growth for any regional airport. Passenger volume rose 41 per cent compared with the corresponding months last year.

Extra holidaymakers and progress with scheduled services to Heathrow Airport, Aberdeen and Brussels contributed to the rise in traffic.

● The Boeing 737, the latest Boeing airliner, is to visit East Midlands Airport on September 13 after appearing at the Farnborough Air Show.

Rolls-Royce workers who helped make the engines for the new aircraft will be invited to see the results of their work.

Public consortium plans for Snowdon summit

BY ROBIN REEVES, WELSH CORRESPONDENT

THE SUMMIT of Snowdon, the highest mountain in Wales and England, and an attraction for about 400,000 tourists a year, is to be taken into public ownership and given a £250,000 facelift.

A consortium of public bodies led by the Welsh Development Agency is to buy the land and buildings at the summit and redevelop the facilities for visitors. The summit is over 3,500 ft above sea level.

The freehold land and buildings are owned by the Snowdon Mountain Railway Company, which operates Snowdon's Swiss-style rack and pinion railway, the only one in Britain. It was opened in 1896 and carries about 100,000 of the summit's visitors each year.

The railway company has agreed to a sale-and-999 year leaseback arrangement under which the freehold will be held by the Snowdonia National Park Authority. As part of the deal, the authority will receive a percentage of the summit cafe receipts.

The railway company also intends to mount a marketing and development programme, in conjunction with the Wales Tourist Board. The summit building in particular requires urgent repairs because of its exposed position and the damaging effects of heavy condensation.

The summit redevelopment complements a programme of footpath improvements undertaken by the National Park Authority with the help of the Countryside Commission.

Shotton breaks all records after job losses

By Robin Reeves, Welsh Correspondent

THE British Steel Corporation's Shotton works, Deeside, North Wales, is breaking all production records just two years after suffering the biggest staff cuts in recent British industrial history.

Some 8,000 jobs were axed at Shotton in 1980 after the closure of its open hearth iron and steelmaking facilities, leaving only 2,500 employees to run its finishing end. This consists of a cold reduction mill and a strip steel coatings complex which remains the centre of BSC's coatings operations, excluding tinplate.

Hot rolled steel coil is now supplied to Shotton mainly from BSC's Ravenscraig Mill in Scotland, but also from the Llanwern and Port Talbot steel plants in South Wales.

Last month, Shotton's five-stand cold reduction mill, which reduces the thickness of steel strip by up to 80 per cent in a single pass, handled a record 16,000 tonnes in 16 shifts—well above its design capacity. Commissioned in 1974, the mill remains the biggest and most modern in Europe.

Another record has been set on one of the four hot dipped galvanising lines in the coatings complex, which was completed at a cost of £46m shortly before the redundancies axe fell. It has recently been processing more than 7,000 tonnes a week, compared with a design capacity of 4,750 tonnes. Other units have also been turning in record performances.

According to Mr Eric Cotterill, the works director, productivity at Shotton increased by 30 per cent in the past financial year and it plans to make the same gain this year.

Immediately after the massive redundancies it took 12 work-hours to process a tonne of finished steel, but as a result of more flexible staffing and productivity advances, the figure was down to eight work-hours by March and below seven hours by June. The target for the current year is five work-hours per tonne.

About one-third of Shotton's production is being exported. Although none is supplied to the U.S., Shotton remains worried that it could face disruption in its domestic and European markets if EEC exports to the U.S. are curbed as a result of the trade dispute.

So far, Shotton has been fortunate in that demand for coated strip steels has continued to grow, despite the recession.

According to figures compiled by the European Coil Coating Association, deliveries of coated roll steels in 1981 totalled some 220m sq metres, an increase of 17 per cent over the previous year.

European demand for organic coated steel strip has grown on average by 15 per cent a year over the past 10 years. About 60 per cent is being used in buildings.

U.S. reflation will aid upturn, says broker

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE ECONOMY will soon move out of its prolonged recession with help from recovery in the U.S., according to the broking firm Simon and Coates in a bulletin issued yesterday.

The broker's cautiously optimistic outlook comes in the wake of a gloomy assessment by the Confederation of British Industry which reported declining optimism among manufacturers with depressed prospects for demand and investment.

Simon and Coates says that in the U.S. fiscal and monetary policies are set towards reflation with the prospect of an annual growth rate of output of at least 3 per cent by the end of 1983.

"All signals in the UK are also pointing to an expansionary posture," it says. This was in spite of recent statements by Sir Geoffrey Howe, Chancellor of the Exchequer, that the case for a further fiscal stimulus had not been made.

The broker believes that a reflationary budget in the autumn was unlikely. Instead there would continue to be "a steady flow of specific measures to encourage the upturn, none of them substantial in themselves, but starting to add up to a worthwhile reflation."

The biggest help was coming from monetary policies and the reduction of interest rates. "After a few more items of modest help, announced piecemeal before the next Budget, substantial cuts in income tax in March will complete the move towards reflation," it says.

Simon and Coates says: "Under normal circumstances, there should be little doubt that the economic cycle will soon be moving upwards, despite the present concern in industry. Expansion may be appearing a little later than hoped and it may promise to be more sedate than previous cyclical upswings, but the signals are all pointing in the right direction.

"The one nagging fear in all minds is whether the crisis of confidence in the world's banking system is such that the normal laws of economic cycles will cease to operate," it says.

Toll for textiles plant closures reaches 28

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

EVIDENCE that the recession in the textiles industry continues to bite deeply is provided by the latest figure of redundancies published by the dyers, bleachers and textile workers trade group of the Transport and General Workers' Union.

The group says 10 plants closed in June throwing 1,202 people out of work. This brought total closures during the year to 28 and the number of jobs lost to 4,608.

June therefore accounted for about a third of plant closures and a quarter of job losses.

Mr Bill Maddocks, national secretary of the textiles section of the TGWU, said: "These figures continue to make a nonsense of Government forecasts of a pick-up in the economy.

"Their continued fiscal stringency is having a depressing effect all through the economy and consequent increases in unemployment are further depressing consumer spending.

"The situation will only begin to improve when the Government takes steps to stimulate the economy, though their present blindness to advice indicates that the required stimulus is a long way off."

West Yorkshire took the brunt of the closures, as it has done throughout the year. There were 773 redundancies notified to the union during June, bringing the total to 2,594 during the first half of the year.

The next worst-affected county was Derbyshire, with 670 job losses during the year, though none of them were in June. Scotland followed with 662, of which 270 were in June.

Crown Life expansion to include medical insurance

BY ERIC SHORT

THE Crown Life Assurance Group intends to challenge the dominance of the large provident associations in medical insurance.

Mr Allan Duggin, chief executive of Crown, yesterday announced an expansion programme over the next five years for which £12m of capital had been raised—£5m from the parent, the Canadian-based Crowo Life Insurance Group, and £7m from leading UK financial institutions, including Finance for Industry.

Traditionally, medical insurance in the UK has been marketed by provident associations. More than 98 per cent of business is transacted by three associations—British United Provident Association, Private Patients Plan and Western Provideol Association.

They are survivors of the pre-National Health Service era and do not have equity shareholders with profits retained for subscribers.

The established insurance companies, unlike their North American counterparts, with few exceptions have not engaged in medical insurance.

Crown Life is a dominant force in providing short- and long-term company sickness payment schemes. It regards this move as a natural extension of existing business.

Many employee benefits consultants had asked Crown to provide the service to complete the sickness insurance package.

Company details, Page 18

CHANGED ROLE FOR GUARDS

BR offer on Bedford line manning

BY PHILIP BASSETT, LABOUR CORRESPONDENT

BRITISH RAIL is suggesting a new formula for operating trains on the recently electrified Bedford-St Pancras line. One-man operation on the line, which has been held up by the National Union of Railwaymen, is a key part of BR's drive to improve productivity.

Introduction of the service, which involved capital investment of about £150m on rolling stock and signalling equipment, has been delayed because of the failure of the NUR to agree to the removol of guards.

Some Ministers are reluctant to approve further investment for electrification while the trains on the Bedford-St Pancras route stand idle.

BR has now withdrawn an earlier compromise offer for half the line to be worked experimentally on a one-man basis and half on the NUR's proposal that guards should take on additional responsibilities for revenue protection.

BR is still insisting that it wants one-man operation, but is willing that guards should try out revenue protection work provided they relinquish the normal operational duties of a guard.

Mr James Urquhart, BR board member for productivity, told the Railway Staffs' National Tribunal on this year's BR pay increase yesterday that the revenue losses in question were about £75,000. The cost of the NUR's proposal for working the line was about £300,000-£400,000.

BR's new suggestion is an acknowledgment that some senior members of the NUR are resolutely opposed even to the idea of trains running experimentally without a guard on board.

BR told the tribunal in forcible terms yesterday that it wanted agreements on outstanding productivity issues before it would meet any pay award the tribunal might make this year.

There is clearly, for BR, little question of any award being backdated to the railways' normal settlement date of April.

TELEVISION

No highlights on television tonight but quite solid fare, especially from BBC-1, which caters for youth with Top Of The Pops and Fame and follows this with more adult stuff. The Battle For The Falklands and Horizon, which is a repeat of Finding A Voice, about a spastic who was given the gift of speech through an invention involving foot-tapping. Earlier the ten minutes of Holiday Report at 6.55, an update of the latest travel and accommodation situations, is the kind of thing that the media should have covered years ago.

On ITV the camera invades the GP's consulting room at 9.30 and shows how doctors cope with problems which are as much social as medical. BBC2 goes out and about, following Bird Spot with Our Undersea World.

There is a challenge for Rowan Atkinson on Radio 4 at 8.10 tonight when he attempts to amuse us minus that extraordinary physiognomy. In The Atkinson People he takes a "satirical and wry" look at some imaginary great men. More avante garde humour at 11.30 when Fran Landesman is joined by Arnold Brown, John Cooper Clarke and Frances de la Tour in The Last Cabaret Before The M1. I must say late night radio improves greatly when there are no dull Parliamentary debates to fill the time before midnight. But the absence of soothing late night chamber music on Radio 3 is a great blot on that channel.

ANTONY THORNCROFT

BBC 1

6.40-7.55 am Open University (Ultra High Frequency). 9.10 Hong Kong Phooey. 9.20 Jackanory. 9.35 Paddington. 9.40 Take Hart on Holiday. 10.03-10.30 Why Don't You . . . ? 1.00 pm News After Noon. 1.30-1.45 Mr Benn. 2.30-3.30 Eisteddfod Genedlaethol Abertawe a'r Cylch: The National Eisteddfod in Swansea (English commentary). 4.18 Regional News for England (except London). 4.20 Play School. 4.45 The All New Popeye Show. 5.05 Newsround. 5.15 Think Again.

5.40 News.
6.00 Regional News Magazines.
6.25 Bellamy's Backyard Safari: The first of four programmes: David Bellamy—shrunken in size—takes a journey through an ordinary British garden.
6.55 Holiday Report.
7.05 Medical Express.
7.35 Top of the Pops introduced by David 'Kid' Jensen.
8.10 Fame.
9.00 News.
9.25 Task Force South: The Battle for the Falklands (6) The Long March.
9.55 Des O'Connor Tonight with guests Jim Davidson, Lena Zavaroni and Garry Shandling.
10.48 News Headlines.
10.50 Horizon.

BBC 2

6.40-7.55 am Open University. 10.20-10.55 Play School. †5.30 Laurel and Hardy Double Bill. 6.20 Peter Ustinov at the National Film Theatre. 6.55 Six Fifty-Five Special. 7.25 News Summary. 7.30 The Promised Land? 8.20 Bird Spot with Tony Soper. 8.30 Our Undersea World. 9.00 Jane. 9.10 Rock Hudson in "All That Heaven Allows." 10.35 The Associates. 11.00-11.50 Newsnight. BBC2 Wales only: 2.30-3.30 pm The National Eisteddfod in Swansea (English commentary).

LONDON

9.30 am On Stony Beaches. 9.45 Animated Classics. 10.30 History of the Grand Prix. 11.05 Adventures of Niko. 11.30 Paint Along with Nancy. 12.00 Gideon. 12.10 pm Get Up and Go! 12.30 The Sullivans. 1.00 News plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Emmerdale Farm. 2.00 Here Today. 2.45 Women of Courage. 3.45 In Loving Memory. 4.15 Dr Snuggles. 4.20 Voyage to the Bottom of the Sea. 5.15 Survival.

5.45 News.
6.00 Thames News with Rita Carter and Colin Baker.
6.30 Dangermouse.
6.45 Robin's Nest.
7.15 The Paul Squire Show.
7.45 "The Plutonium Incident" starring Janet Margolin, Powers Booth and Bo Hopkins.
9.30 The Best of Health.
10.00 News.
10.30 Thriller: "If It's a Man — Hang Up!" starring Carol Lynley, Gerald Harper, David Gwillum and Tom Conti.
11.55 What the Papers Say.
12.15 am Close: Sit Up and Listen with Lord Willis.

† Indicates programme in black and white.

All IBA Regions as London except at the following times:—

ANGLIA

9.30 am Sesame Street. 10.30 Spread Your Wings. 10.55 Stingray. 11.25 The Flying Kiwi. 11.50 Captain Nemo. 1.20 pm Anglia News. 4.20 The Adventures of Black Beauty. 4.45 Father Murphy. 6.00 About Anglia. 6.50 Crossroads. 10.30 On Hollywood 100. 11.00 Lou Grant. 12.00 The Living Legends of Jazz and Blues—Izzy Gillespie. 12.30 am People and Their Poetry.

BORDER

9.30 am European Folk Tales. 9.40 A Place to Live. 9.55 Friends of My Friends. 10.20 Young Ramsay. 11.00 3-2-1 Contact. 11.30 The Extraordinary 4.20 Sport Billy. 4.45 Here's Boomer. 5.15 University Challenge. 6.00 Lookaround Thursday. 6.35 The Sound of . . . . Stan Barker. 6.50 Crossroads. 10.20 Minder. 11.30 Border News Summary.

CENTRAL

9.30 am Make Mine Music. .55 Bygones. 10.20 Zoom the Dolphin. 10.45 Rolf Harris—Water Safety. 11.00 The Nature of Things. 12.30 pm The Young Doctors. 1.20 Central News. 4.20 Sport Billy. 4.45 Father Murphy. 6.00 Crossroads. 6.25 Central News. 10.30 Ventura. 11.00 Central News. 11.05 Skin Deep.

GRAMPIAN

9.30 am First Thing. 9.35 Sesame Street. 10.35 Zoom the Dolphin. 11.00 The Nature of Things. 1.20 pm North News. 4.20 The Extraordinary People Show. 4.50 Little House on the Prairie. 6.00 Summer at Six. 6.30 Police News. 6.35 Sounds of . . . Pat O'Hare. 6.50 Crossroads. 10.30 Skin Deep. 11.30 Nero Wolfe. 12.20 am North Headlines.

GRANADA

9.30 am European Folk Tales. 9.40 A Piece to Live. 9.55 Joe 90. 10.20 Young Ramsay. 11.00 3-2-1 Contact. 11.20 The Extraordinary People Show. 1.20 pm Granada Reports. 4.20 Vicky the Viking. 4.45 Little House on the Prairie. 6.00 This Is Your Right. 6.05 Crossroads. 6.30 Granada Reports. 6.35 Yesterday. 7.00 Cartoon Time. 10.30 Hill Street Blues. 11.30 What the Papers Say. 11.45 Lifeline.

HTV

9.55 am 3-2-1 Contact. 10.25 Larry the Lamb in Toytown. 10.35 Magilla Gorilla. 10.45 Wild, Wild World of Animals. 11.10 Patterns. 11.35 Johnny's Animal Opera. 1.20 pm HTV News. 6.00 Jobline. 6.15 Into the Labyrinth. 6.00 HTV News. 6.50 Crossroads. 10.28 The Amazing Years of Cinema.

SCOTTISH

10.00 am In Search of. . . 10.25 Crazy World of Sport. 10.50 Hands. 11.15 Young Ramsay. 1.20 pm Scotland News. 4.45 Sport Billy. 5.15 Travel Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Hear, Here. 8.45 Benson. 10.30 Freedom Now. 11.00 About Gaelic. 11.30 Late Call. 11.35 Ladies' Man.

TSW

8.30 am Sesame Street. †10.30 Feature Film: "Devil on Horseback." 11.50 "The Undersea Adventures of Captain Nemo. 1.20 pm TSW News Headlines. 4.20 Father Murphy. 5.15 Gus Honeybun's Magic Birthdays. 6.20 Crossroads. 6.00 Today South West. 6.30 Gardens for All. 7.00 Cartoontime. 10.35 Mannix. 11.30 The Monte Carlo Show. 12.25 am Postscript. 12.30 South West Weather.

TVS

9.30 am 3-2-1 Contact. 10.00 Paint Along with Nancy. 10.25 "The Oracle." starring Robert Beatty and Virginia McKenna. 11.50 Cartoon Time. 1.20 pm TVS News. 4.20 Little House on the Prairie. 5.15 Mr Merlin. 6.00 Coast to Coast. 6.50 Crossroads. 10.30 Quincy. 11.30 Facing Death. 12.00 Company.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 9.30 Patterns. 9.55 Cartoon Time. 10.10 Wilderness Alive. 10.55 International Cricket: Specially invited World XI take on the combined Northumberland and Durham side. 1.20 pm North East News and Lookaround. 2.00 International Cricket from Jesmond. 4.20 Clapperboard. 4.50 Voyage to the Bottom of the Sea. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 10.30 North East News. 10.32 Skin Deep. 11.30 Job Slot Extra. 11.32 International Cricket (highlights). 12.00 It's a Blessing.

YORKSHIRE

9.30 am Sesame Street. †10.30 "Devil on Horseback," starring Googie Withers and John McCallum. 11.55 The Bubbles. 1.20 pm Calendar News. 4.20 Survival. 4.45 Father Murphy. 6.00 Calendar (Emley Moor and Belmont editions). 6.20 Calendar Calling. 6.50 Crossroads. 10.30 Skin Deep. 11.30 Facing Death.

RADIO

RADIO 1

(S) Stereo broadcast (when on VHF)

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Steve Wright. 12.30 pm Newsbeat. 12.45 Dave Lee Travis. 2.00 Paul Burnett. 4.30 Peter Powell. 7.00 Peel's Pleasures. 8.00 David Jensen. 10.00-12.00 John Peel (S).

RADIO 2

6.00 am Don Durbridge (S). 7.30 Ray Moore (S). 10.00 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 pm Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News: Sport. 6.00 John Dunn (S). 8.00 Country Club with Wally Whyton (S). 9.00 Alan Dell (S). 9.55 Sports Desk. 10.00 Reflections of Marilyn Monroe: An affectionate tribute to this legendary star. 11.00 Brian Mathew Round Midnight (stereo from midnight). 1.00 am Encore (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: Bach (S). 10.00 Mendelssohn (S). 10.35 Viola and Piano recital (S). 11.10 Bournemouth Symphony Orchestra (S). 1.00 pm News. 1.05 Chopin piano recital (S). 1.30 Schubert chamber music recital (S). 2.15 "Armida," opera by Haydn (S). 4.55 News. 5.00 Mainly for Pleasure (S). 6.30 Bandstand (S). 7.00 Byrd (S). 7.30 Proms 82 from the Royal Albert Hall, part 1: Milhaud, Poulenc (S). 8.10 A closer look at Wordsworth. 8.30 Proms 82, part 2: Stravinsky, Lutoslawski, Saint-Saens (S). 9.30 The Singer by Frank Wedekind, adapted by Peter Barnes (S). 10.20 Souvenirs of Munich (S). 10.30 Approaches to the East (S). 11.15-11.18 News.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30-8.43 Today. 8.43 Haunting Tales. 8.57 Weather: Travel. 9.00 News. 9.05 Checkpoint. 9.30 The Living World. 10.00 News. 10.02 We Came, We Saw, We Stayed. 10.30 Daily Service. 10.45 On Holiday. 11.00 News. 11.03 Utopia. 11.48 Enquire Within. 12.00 News. 12.02 pm You and Yours. 12.27 Brain of Britain 1982 (S). 12.55 Weather, travel, programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre. 4.00 News. 4.02 Mighty Myths. 4.10 A Good Read. 4.40 Story Time. 5.00 PM: News magazine. 5.50 Shipping forecast. 5.55 Weather: programme news. 6.00 News, including Financial Report. 6.30 The Day Job. 7.00 News. 7.05 The Archers. 7.20 Concert Prelude (S). 7.30 Proms 82 from the Royal Albert Hall, London: Milhaud, Poulenc (S). 8.10 The Atkinson People. 8.30 Proms 82, part 2: Stravinsky, Lutoslawski, Saint-Saens (S). 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 The Last Cabaret Before the M1. 12.00 News.

BUSINESS LAW

Brussels' blind benefactors

BY A. H. HERMANN, Legal Correspondent

THE ATTEMPT to transform company law and industrial relations in the member states of the EEC, according to the German model, has been with us some 10 years. More recently the EEC Commission has embraced proposals which would go beyond that model, particularly by obliging multinational companies to disclose their world-wide strategies and activities and, in certain cases, to subject them to scrutiny by consultative bodies or national authorities in member states.

The two drafts by which these great ambitions should be achieved are the fifth company directive and the Vredeling proposals. The first is now getting ready for the EEC Council: the second is on the agenda of the European Parliament and will be debated probably next month by its plenum.

The proposals are strongly supported by the European trade unions and opposed by UNICE, the European organisation of employers. But when these proposals reach the Council, the UK will be the only country likely to stop them. As things are at present, the British Government is certainly not viewing these proposals favourably. But so many unpalatable proposals have been accepted in the past as part of a political or economic deal that a British veto cannot be taken for granted.

This view is apparently taken by the Institute of Directors which last week launched a policy document† spelling out its uncompromising opposition to the EEC Commission's initiatives.

This document points out that the fifth directive and the Vredeling proposals are complementary and would require radical changes in national legislation on companies. Their effects could easily be reinforced and widened by the adoption of the draft ninth directive on groups of companies. If this global view of the proposed measures is a merit of the paper, its intransigence and total rejection of all but entirely voluntary arrangements between managements and workers will probably be viewed as its drawback, even by those who are opposed to the Commission's proposals.

The best-known feature of the fifth directive is the creation of worker directors as they already exist in Germany. But the redefinition of the relationship between employers and employees is not the only change required by this directive. If translated into English company law, it would also change the duties and liabilities of directors and greatly increase their exposure to legal actions by minorities, and even by individual shareholders and employees.

> By using a German system, the EEC cannot improve Britain's industrial relations, but it could succeed in making the U.S. even more angry

The Institute of Directors rightly points out that the whole construction relies on the important place and great authority enjoyed by the management board in German companies. The introduction of a supervisory board or of non-executive directors with supervisory powers into the English system of company law may have some unintended and confusing consequences.

The present draft of the fifth directive differs from the original proposals by allowing a number of national variations. In addition to the German system based on elected supervisory boards, there is now also the possibility of the Dutch type of supervisory board with co-opted members.

Member governments could even avoid legislation imposing a supervisory board provided that the unitary board of directors included workers as non-executive directors with supervisory powers, or that a board appointed only by shareholders was paralleled by a body representing employees and enjoying the rights of information and consultation. In every case employees' representatives would have to be elected by secret ballots on the basis of proportional representation with separate lists for different classes of employee and there would be provision for the protection of minorities.

The Vredeling proposals would oblige multinational companies with plants or subsidiaries within the EEC, as well as purely national multiplant companies, to report to employees' representatives periodically, and not later than 40 days before adopting a decision involving structural changes and co-operation with other enterprises. Consultations would follow and member states would be required to give employees' representatives the right of appeal to tribunals or other national authorities "for measures to be taken to protect their interests." These could include the prohibition of mass redundancies, suspension of the rights of the parent company and damages for failure to inform and consult.

There is the prohability—almost certainty in the case of the U.S.—of conflicts with the laws of non-EEC countries—the extra-territorial impact and its political significance.

Both proposals would be likely to slow down the decision-making process, but this could perhaps be accepted as a price for a substantial improvement in industrial relations. However, the EEC proposals seem to be too closely modelled on the German system with its hierarchy of consultative boards separate from the trade unions, a single union for each branch of industry and a tradition of co-operation between employers and employees, systematically fostered ever since Bismarck recognised the need for a large army of patriotic conscripts.

Machinery for worker participation in management, developed under German circumstances, can hardly be transplanted with beneficial effects to a country where industrial relations are, for a multitude of historical reasons, still virulently antagonistic and where confrontation rather than reasoning is the order of the day.

This, however, does not mean, that all that is needed is to turn workers into shareholders, as the Institute of Directors implies. To conclude that companies are a matter for shareholders only is a delusion. Workers have an important say in the running of companies in all industrialised countries. The issue is whether they should exercise their influence destructively by strikes or constructively by participation in the decision-making process.

The EEC proposals aim at constructive co-operation: their weakness is in trying to make Britain start on the way to such co-operation from a place where she is not.

† *Company Low in Europe, Director Publications, £5.95.*

RACING

BY DOMINIC WIGAN

MILK HEART and Gamblers Dream are in their element on a sharp track and fast ground, so it would be no surprise to see them fight out the finish in today's Brighton Sprint Handicap over six furlongs.

It was there a year ago that Gamblers Dream won ahead of seven opponents. He has the same number of rivals this time.

A five-year-old Prince Regent gelding from the Red God mare Red Laser, Gamblers Dream has yet to be placed in six attempts this year. Nevertheless he has not been running at all badly, with a fine fourth place in the Wokingham Stakes to his credit.

One of the more strongly fancied runners for that Royal Ascot handicap, Gamblers Dream, wearing blinkers for the first time, put in his best work in the last furlong, but was twice denied a clear run.

Milk Heart, a compact Steel Heart chestnut out of that prolific mare Cafe au Lait, has been maintaining smart form since justifying a major Warwick gamble to a short head victory over Blue Emmanuelle. He, too, will relish this sharp six furlongs, judged on his subsequent three-lengths Epsom success. In receipt of 3 lbs, Milk Heart may just have the edge over Gamblers Dream.

BRIGHTON
2.00—Inspired
3.00—Milk Heart**
3.30—Ice

YARMOUTH
2.15—River Maiden***
2.45—Lady Greene*
3.45—Brigadier Hawk

PONTEFRACT
3.45—Fly The World
4.15—Mary Maguire

COMPANY NOTICES

FREE STATE DEVELOPMENT AND INVESTMENT CORPORATION LIMITED
(Incorporated in the Republic of South Africa)

NOTICE TO MEMBERS
ANNUAL GENERAL MEETING

The thirty-eighth Annual General Meeting of members of Free State Development and Investment Corporation Limited will be held in the board room, Consolidated Building, Fox and Harrison Streets, Johannesburg, on Friday, 27th August, 1982 at 10.30 a.m.

1. to adopt the financial statements for the year ended 30th June, 1982;
2. to elect directors.

Any member of the company is entitled to appoint a proxy to attend and to speak and to vote in his stead. A proxy need not be a member of the company.

The share transfer books and the register of members will be closed from 21st to 27th August, 1982, both days inclusive.

By Order of the Board
JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED
Secretaries
per: D. J. BARRETT

Head Office and Registered Office:
Consolidated Building,
Fox and Harrison Streets,
Johannesburg 2001.
(P.O. Box 590, Johannesburg, 2000).
27th July, 1982.

NATIONAL COAL BOARD
U.S.$100,000,000
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U.S.$50,000,000
8¼% Guaranteed Bonds 1988

Holders of the above bonds are advised that the Annual Report and Accounts for 1981/82 of the National Coal Board are available for inspection at the office of S. G. Warburg & Co. Ltd., 30, Gresham Street, London EC2P 2EB.
6th August, 1982.

NOTICE TO BONDHOLDERS
REPUBLIC OF ICELAND
12,000,000 European Units of Account 9½% 1976/1986 Bonds

Pursuant to the provisions of the Purchase Fund notice is hereby given to Bondholders that Bonds for a principal amount of UA 465,000 have been purchased during the twelve-month period commencing July 18, 1981. Amount outstanding: UA 10,935,000.

The Fiscal Agent
KREDIETBANK
S.A. Luxembourgeoise
August 6, 1982.

PUBLIC NOTICES

HERTFORDSHIRE C.C. BILLS

£3m Bills from 4th August 1982 to 3rd November 1982 at 11 5-64ths per cent. Applications £27m. £22m outstanding.

METROPOLITAN BOROUGH OF STOCKPORT

£8.8m Bills from 4th August 1982 to 3rd November 1982 at 11 5-64ths per cent. Total applications £92m. Total outstanding £8.8m.

PERSONAL

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Accountancy Appointments

Border Television

Financial Controller-Company Secretary

Border Television require a Financial Controller-Company Secretary in Carlisle.

Ideally, candidates should be aged 35-45, educated to degree level and possess the appropriate professional qualifications such as ACA, ACCA or ACMA.

Previous experience in independent television would be helpful but is not essential.

Starting salary depending on experience £17,000 plus.

Applications with curriculum vitae, as soon as possible, to:
James Bredin, Managing Director,
Border Television, Carlisle, Cumbria CA1 3NT.

FINANCIAL ACCOUNTANT

London — **£12,000 plus car**

The General Manager of a well known London hotel is looking for a Financial Accountant to help him with the running of the operation.

With the help of a 30-strong accounts department, you will be required to ensure proper and efficient systems for cash handling, salary and wages payments, stock control, payments to suppliers, and control revenues from sales outlets; to report to management on revenue, provide detailed management accounts with comments; produce monthly balance sheets and cash flow information; prepare financial accounts for audit, and be responsible for PAYE and VAT payments. Helping to prepare annual budgets and noting how they relate to actual performance will be another important feature of your work.

To be considered you should be aged 30-40, a Chartered or Certified Accountant. Previous hotel experience would be an added advantage.

Starting salary: £12,000 plus car and other benefits.

To apply, please contact Connie Mulshaw at PARC, Personnel & Recruitment Consultants, 2 Stanhope Mews West, London SW7, tel: 01-370 4342/3.

ROYAL COLLEGE OF MUSIC

FINANCE OFFICER

Applications are invited from qualified accountants for the non-residential post of Finance Officer, vacant early November 1982. This is the top financial post. The occupant is responsible to the Council for the system of accounting and financial control and its operation and in the day-to-day administration is responsible through the Bursar to the Director for all financial matters. Applicants should have had good business and managerial experience. The post is that of Principal Officer Grade 2 (points 1 to 5) of the National Joint Council scales. Salary will be subject to negotiation, but not less than £12,000 p.a. (including London Weighting Allowance).

Applications should be addressed to:

The Bursar
Royal College of Music
Prince Consort Road
London SW7 2BS

to arrive by 27 August and should give particulars of age, qualifications and experience, together with the addresses of two referees.

Tax Specialist

Head Office role — London : c. £13,000

Glaxo Holdings p.l.c., is the parent company of an international pharmaceutical Group which conducts research and develops, manufactures and markets a wide range of products world-wide.

We have an opportunity for a suitably qualified specialist in the Group Taxation Department in the London Head Office. The Department is involved in all aspects of tax legislation affecting the Group's commercial and financial activities both in the UK and overseas, and deals with a variety of situations and problems.

Candidates, probably in their late twenties, must possess an accounting or tax qualification, and should have several years' experience.

Initial remuneration will be for discussion around £13,000. Conditions of employment include membership of a non-contributory Pension Scheme and assistance with re-location expenses where appropriate. Please write briefly in the first instance to: P. J. Murray, Group Employee Relations Adviser, Glaxo Holdings p.l.c., Clarges House, 6-12 Clarges Street, London W1Y 8DH.

Glaxo Holdings p.l.c.

CHARTERED ACCOUNTANT

REQUIRED TO MANAGE SMALL ACCOUNTS DEPT. FOR A COMPANY BASED IN SOUTH-WEST LONDON BUT MOVING TO KINGSTON IN THE AUTUMN

Responsibilities will include staff management, preparing monthly and annual accounts to strict timetables, cash flow, budget and project appraisals. Some knowledge of computer systems essential.

Excellent salary, WPA insurance, pension scheme, etc.

Applications in writing to

Box A.7934, Financial Times
10 Cannon Street
London EC4P 4BY

Financial Control

North West ~ £13,000 + Car

Our client is a medium-sized manufacturing subsidiary of a UK Public Company whose record of sustained growth and profitability is exceptional.

The position of Company Accountant entails complete control of the finance and data processing functions through a department of 20 staff and demands total involvement in the commercial success of the business.

The successful applicant (aged 28-40) will be a qualified accountant with several years managerial experience gained within a manufacturing environment. He/She will possess the personal qualities required to become a respected member of the senior management team and the technical skills necessary to develop and implement sophisticated financial control systems as an immediate priority.

Relocation facilities are available where appropriate and applicants should telephone RICHARD ROBINSON on 061-228-0396 or write quoting REFERENCE 5301 to MICHAEL PAGE PARTNERSHIP, FAULKNER HOUSE, FAULKNER STREET, MANCHESTER, M1 4DY.

Michael Page Partnership
Recruitment Consultants
London Birmingham Manchester Glasgow

Young Accountant

Exceptional Career Opportunity

North West ~ c. £13,000

Our client is one of the U.K.'s major manufacturing companies whose name and products are widely respected throughout the world.

They are currently seeking a Graduate ACA-ACMA of exceptional ability.

In addition to an excellent academic track-record the successful applicant (Age 24-28) will possess the qualities of leadership and ambition required to ensure early progression to executive level positions.

The initial role will be within a multi-discipline team in a management accounting context, but this is essentially a career appointment with world wide opportunities in the medium longer term.

Comprehensive relocation facilities are available where appropriate.

Applicants should telephone RICHARD ROBINSON who is advising the company, on 061-228-0396 or write quoting REFERENCE 5302 to MICHAEL PAGE PARTNERSHIP, FAULKNER HOUSE, FAULKNER STREET, MANCHESTER, M1 4DY.

Michael Page Partnership
Recruitment Consultants
London Birmingham Manchester Glasgow

MANAGEMENT ACCOUNTANT

c £12,500 + car + benefits

Our client is a highly successful fast growing manufacturer of specialist Harvesting Equipment and about to enter a further phase of rapid expansion.

A capable and qualified accountant is required to assist this private Company through an exciting phase of its development. As a key member of the management team, he or she will be expected to participate in all facets of the business.

Experience in the following areas is a must.

1. Financial and management accounting, relating to monthly and statutory accounts.
2. Budgetry control and cash resource management.
3. Installation and control of computerised accounting systems.

The successful candidate will also assume responsibility for all the Company's secretarial and administrative duties.

The location is West Suffolk and pleasant working conditions are enjoyed.

In addition to a generous benefits package, relocation expenses will also be paid in appropriate circumstances.

This is a once in a lifetime opportunity for a person with the necessary drive and ambition to contribute to and gain from the further development of this growing Company.

Applications in writing together with full C.V. should be sent by Friday 20th August 1982 to Mrs. D.M. Jones MBIM, AIPM

TRAINING SERVICES (MID-ANGLIA) LIMITED
Northgate Ave, Bury St.Edmunds
Suffolk IP32 6BB Tel (0284) 64002/3

CHARTERED ACCOUNTANT

WEMBLEY — **£15,000 + car**

Our client, part of a major U.K. quoted group, is a leading manufacturer of high-technology products (T/O £44m), which are recognised internationally for their excellence.

A person of first-class experience is required in Head Office to act as Deputy to the Financial Director and as Chief Accountant for the group. Assisted by section managers and an established accounts staff he/she will be responsible for the administration and overall control of the U.K. centralised accounting function. Specific duties will include the review and timely presentation of monthly results and preparation of year-end accounts in accordance with the highest professional standards. There will also be close involvement in the continued development of computerised systems.

Applicants aged 28-35 must have the personal qualities to communicate at Board level and demonstrate the necessary potential for further career progression.

Applications under Ref. No. RC 392 to: Miss Marion Williams, Extel Recruitment, 4 Bouverie Street, London EC4Y 8AB. Tel: 01-353 5272.

Extel Recruitment Executive Selection Consultants

Financial Controller

(Director Designate)

London — **c£19,000 + Car**

Our client, a profitable Group of UK companies primarily engaged in the stockholding and distribution of stainless steel and nickel alloys, has recently become an autonomous part of a major Swedish industrial organisation.

The Group now requires a commercially-minded qualified accountant, reporting to the Managing Director, to become an essential and respected member of a small, committed management team and take an active role in the effective financial and commercial management of the Group. Prime responsibility however will be to develop, control and manage all financial and company secretarial matters, including the rapid development of computer-based systems.

The successful candidate, probably aged 30 - 45, will enjoy challenge, have a proven track record and have extensive practical experience in accounting, management and the introduction of computerisation in a similar or related industry, such as distribution, merchanting or manufacturing. The ability to justify a board appointment within a period of six months is essential.

In the first instance, please write in complete confidence, submitting a curriculum vitae and quoting reference number 4635/45 to:—

Peter Childs,
Pannell Kerr Forster Associates,
Lee House,
London Wall,
LONDON EC2Y 5AL

Pannell Kerr Forster Associates
MANAGEMENT CONSULTANTS

CHIEF ACCOUNTANT

MANCHESTER — **TO £13,000**

E. GERALD LIMITED is a profitable expanding subsidiary of a publicly-quoted engineering group operating as a steel processor and stockholder, with a current turnover of £11 million.

The Chief Accountant will also be Company Secretary and will form part of a small management team reporting directly to the Managing Director with specific responsibility for all accounting matters including budgeting, monthly management accounts, financial accounts and resource management, in addition to all legal and secretarial duties. Great emphasis is placed on the control of stocks and debtors. A fully interactive computer system is being installed, based on an IBM System 34.

Applicants should be commercially minded qualified accountants with industrial/commercial experience gained preferably in a fast-moving service industry. Computer operating experience would be an advantage.

The remuneration package will include a salary of up to £13,000, company car and contributory pension scheme. Relocation expenses will be met if appropriate.

Please write, giving full details of your career to date, to:

A. W. Lloyd, Managing Director,
E. GERALD LIMITED,
Long Wood Road, Trafford Park Manchester, M17 1PZ.

Group Accountant

c £12,000 + Bonus + Car — Norfolk

Growth, profit and market leadership are hallmarks of our client, a well-known Norwich-based manufacturing company. Promotion from, and increase in size in the accounting function, have highlighted the need for a manager to relieve the Financial Controller of the operational control, the systems development and the staffing responsibilities, leaving him free to concentrate on day-to-day financial management. The department of 40 needs reorganisation, the systems and procedures, in the process of being transferred to new hardware, need updating, and you will be responsible to the Managing Director for the smooth running of the total operation. This involves the input and presentation of 60 sets of accounts, including those from a comprehensive branch network, to meet strict monthly deadlines. This company believes in sophisticated and professional accounting [illegible] same qualities. The ideal candidate will be a Chartered, Certified Accountant having had a grounding in professional practice. At least 3 years' experience of accounting in a manufacturing environment will be necessary, and he or she will have held a management position in a fairly large computerised department. The position will suit a confident, forthright person, with the proven ability to organise, motivate and lead a team. In addition to the salary there are pension and private health schemes in operation and assistance with relocation expenses may be given where appropriate. The career prospects will suit the ambitious, forward-looking candidate. Write [illegible] Mrs E Harrison [illegible]

ERAS

Internal Auditor

S.E. ENGLAND — Circa £10,000 + Car

Our client, the holding company of a multi depot operation, is seeking a newly qualified chartered accountant ex "full-term training contract".

The Internal Auditor will be responsible to the Group Financial Manager for conducting continuing audits at all locations and assistance with the preparation of on-line computerisation of stock control/cash reporting.

REWARDS: A starting salary in the region of £10,000 is envisaged with car provided, contributory pension and life assurance scheme together with BUPA membership.

Applicants of either sex apply in confidence. Ref 876.

Hales & Hindmarsh Associates Ltd.
Century House, Jewry Street,
Winchester, Hampshire
(0962) 62253
Recruitment and Selection Consultants

FINANCIAL DIRECTOR

£16,000 plus car — MIDLANDS

A £7 million manufacturing company requires a Financial Director to control all aspects of the accounting function.

Applicants must be qualified accountants who have held responsible positions in marketing orientated manufacturing companies.

Applications in confidence to:

Box A.7931, Financial Times
10 Cannon Street, London EC4P 4BY

FINANCIAL, COST AND MANAGEMENT ACCOUNTANT

URGENTLY REQUIRED

BY MANUFACTURING COMPANY IN THE PAPER INDUSTRY BASED AT DARTFORD, KENT.

Applicants must have a number of years experience at management level, and be capable of working independently. A working knowledge of installation and operation of computer systems is essential. Age preferably 30-40. Board prospects for person with drive and initiative.

Please write ref: HM-JL, 29 York Street, London, W.1.

ACCOUNTANCY APPOINTMENTS

appear every Thursday

Rate: £29 p.s.c.c.

For further information please telephone:

CARMINA LEON
01-236 9763

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Assistant Group Accountant

Honeywell Control Systems are one of the world's leaders in the design, manufacture and marketing of advanced control equipment for commerce and industry. As a result of internal promotion at our UK Headquarters in Bracknell, we now need an Assistant Group Accountant to work as part of the Central Control Systems Accounting, Reporting and Planning Group.

Reporting to the Group Accountant, you will be a member of a small highly professional team which handles the accounts for our entire UK operation. Apart from involvement in the consolidation of reporting and planning, other responsibilities will include group taxation and treasury tasks, development of policies, procedures and computerised packages.

You will be a qualified ACA in your mid 20's, with at least 2 years in-depth experience of industrial accounting. A knowledge of computerised systems would be desireable, but is not essential.

In addition to a competitive salary, the right man or woman will receive an attractive fringe benefits package which includes 5 weeks holiday, free life assurance, a contributory pension scheme and every opportunity to further your career with a market leader.

For an application form, phone Stephanie Wasnidge on Bracknell (0344) 24555 or write to her enclosing a concise CV to date, to: Personnel Department, Honeywell Control Systems Ltd., Honeywell House, Charles Square, Bracknell, Berks. RG12 1EB.

Honeywell

Advances Department

The Trustee Savings Bank of Wales and Border Counties is part of a leading United Kingdom banking group and has one hundred branches, employing approximately one thousand staff. The bank is currently engaged in rapidly extending its credit services by making advances available to the commercial, industrial and business sectors, in addition to the provision of mortgages and personal lending. With the further development of this business, the bank has vacancies for the following positions to be based in the Advances Department at the Head Office of the bank near Shrewsbury:-

Executive Officer(s) -Commercial Lending

Salary £11,952–£14,685

The successful applicants will be directly responsible to the Manager—Commercial Lending and must be capable of implementing new policy and procedural directions and be able to achieve predetermined objectives.

Applicants must be qualified Associates of the Institute of Bankers and should possess a thorough knowledge of banking activities. You should be capable of displaying the qualities of sound judgement and initiative. It is a prerequisite that applicants have a sound knowledge of business finance and practical experience of commercial lending.

Major benefits include: mortgage subsidy scheme, non-contributory pension scheme, relocation expenses, sickness benefit scheme, preferential rate banking services, BUPA and 6 weeks paid holiday.

The appointments are dependent upon the applicants completing a satisfactory medical examination.

Application forms can be obtained by telephoning Bomere Heath (0939) 290033 Ext. 270, or write to Departmental Head – Personnel, Trustee Savings Bank of Wales and Border Counties, P.O. Box 44, Albrighton Hall, Albrighton, Nr. Shrewsbury SY4 3AQ.

TSB TRUSTEE SAVINGS BANK *of Wales and Border Counties*

UNIT TRUST MARKETING

A prominent unit trust group, part of a well established City bank is seeking to fill two key marketing positions to help undertake a major new expansion plan.

If you have had marketing and sales experience in any area of the financial services industry and you are keen to exploit your potential in a new and challenging role, you are invited to apply.

Knowledge and experience of unit trusts will be an advantage but are not considered essential qualifications.

Please write in confidence and send your career details which should include a salary history to:–

Box A7911.
Financial Times, 10 Cannon Street,
London EC4P 4BY.

Accountancy Appointments

Finance Director

Foodstuffs Distribution
Salary negotiable £20,000+
Location near London
Age 32 to 45 years

Our client is the distribution subsidiary of a major UK international foodstuffs group. This subsidiary operates as an independent profit centre with a return on capital objective. It provides services to other UK group companies and also to third parties.

Reporting to the Managing Director, the Finance Director will be responsible for all financial, management and cost accounting activities and be expected to make full contribution to company business strategy. Participation in contractual negotiations with other group companies and with outside customers will also be involved. Optimum use of resources will be a key objective.

Candidates must be Professionally qualified, preferably Graduates, with at least three years commercial and financial experience at senior level. They should be able to demonstrate involvement in formulation of corporate strategy. A background of service industry involving distribution will be an advantage, but experience with a distribution company is not essential.

Preferred age range 32 to 45 years. The successful candidate will have a buoyant, dynamic personality—a leader with a challenging approach to business and with the ability to influence colleagues and motivate staff.

Base is just West of London. Some UK travel will be necessary, including use of company aircraft. Salary is negotiable in excess of £20,000 p.a. plus car and good benefits. After one year, the successful candidate will be eligible for substantial increase to next salary grade. Opportunities for career development within this prestigious group are good.

Applications will be treated in strict confidence. Please write giving full personal and career details to D.F. Burman.

Handy Associates International

148 Buckingham Palace Road, London SW1W 9TR.

Executive Selection

Michael Page Partnership specialises in Executive Selection and Recruitment in the Accounting and Finance Sector. Since our incorporation in 1976 we have become one of the country's fastest growing consultancies, with a fee income of £1.5 million and employing 45 people.

As part of our expansion programme we seek two Senior Consultants with extensive experience in one or more of the following sectors:-

- Banking and Finance
- Insurance and Pensions
- Stockbroking and Investments
- Company Secretarial and Legal

The people we seek are likely to be currently holding a senior appointment in consultancy. Alternatively we would consider proposals from individuals, or from principals of small consultancies, who may be interested in a merger. Equity participation, remuneration and benefits are all open for discussion. Please write with comprehensive curriculum vitae to:- Michael L. Page, Managing Director, Michael Page Partnership, 31 Southampton Row, London WC1, who will treat your interest in the strictest confidence.

MP
Michael Page Partnership
Recruitment Consultants
London Birmingham Manchester Glasgow

BANKING

BRANCH MANAGER to £14,000
Vigorously expanding international bank seeks an equally energetic banker to manage its small but active West End branch: this demands the ability to attract and administer business, with some accent on import/export finance.

LOANS OFFICER c. £11,000
Major European bank offers excellent opportunity to a young banker with sound education (preferably degree), solid credit training and at least a good introduction to corporate marketing.

CREDIT ANALYSIS £9,000 - £12,000
We continue to have a pressing requirement from a number of good City names for people with genuine skills and experience (at various levels) in credit analysis and documentation.

EURO. LOANS ADMIN. c. £8,000
An opportunity for a career-motivated young banker with good experience of loans administration (including the agency function) to join an expanding City bank's busy loans team.

Please telephone Ann Costello or John Chiverton A.I.B.

JOHN CHIVERTON ASSOCIATES LTD.
4/5, Castle Court, London, E.C.3. 01-623 3861

TEXAS COMMERCE BANK NA

London Branch

Due to continued growth and expansion, an opportunity has arisen for a Senior Foreign Exchange Dealer to augment our existing team. The ideal applicant should have a minimum of 5 years' active experience in all aspects of money market and foreign exchange trading.

An attractive salary plus normal fringe benefits will be offered.

Applications should be made in writing or by telephone to:
Alan J. Morgan, Foreign Exchange Manager,
Texas Commerce Bank N.A., 44 Moorgate,
London EC2R 6AY. Tel: 01-638 8021.

Finance Manager

Sales and Marketing Company

An accountant is required for this highly successful sales and marketing company with a turnover in excess of £400 million. Part of a major public group, the company is a UK market leader with internationally renowned products and an active new brand development programme.

The finance manager will be primarily responsible for developing the management accounting and forecasting functions. Reporting to the Chief Accountant, this will involve building a close relationship with senior operating management and working on a variety of projects to enhance the computerised financial systems and management control.

The requirement is for a graduate qualified accountant with strong accountancy skills, coupled with commercial flair, tenacity and a lively and objective mind. Age: 28-35.

Remuneration: around £16,000 plus car and other benefits. Location: Essex/Hertfordshire border. The appointment is open to men and women.

Please write in confidence to CT Garcia (ref 1282F).

Thomson McLintock Associates 70 Finsbury Pavement London EC2A 1SX **TMA**

EMA

MANAGEMENT ACCOUNTANT

West End **c£13,500 + car**

A key member of a small finance team in a highly commercial retail environment, the Accountant will report to and work closely with the Financial Director. Managing a small department, he or she will analyse information, review branch profitability and further develop computerised systems. The work will require both initiative and flair.

Our client, an increasingly profitable subsidiary of a major public group, has 80 outlets, a turnover in excess of £20 million and excellent growth forecast. Applicants, aged 25–30, should be qualified accountants with management information and planning experience. Please telephone or write to David Hogg FCA quoting reference I/2137.

EMA Management Personnel Ltd.
Hatton House, 20/23 Holborn, London EC1N 2JD
01-242 7773 (24 hours).

McCAUGHAN DYSON AND CO

Members of The Stock Exchange of Melbourne Limited

AUSTRALIAN SHARE DEALER/TRADER

We require an experienced international dealer/trader to join our well-established London office to liaise with our Australian operations and assist in servicing our United Kingdom, European and American clientele.

Our London team is backed up by a strong research and dealing capacity in Australia, providing excellent scope for the successful applicant.

Please apply in writing, giving your curriculum vitae to:
The Manager
McCAUGHAN DYSON & CO.
3 Bow Lane, London EC4M 9EE
Applications should be marked "Confidential" and will be treated in the strictest confidence.

Hoggett Bowers

Executive Selection Consultants

BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE and SHEFFIELD

Financial Director—Designate

Berkshire, c.£16,500+car—about 30-40 years

An opportunity for a qualified accountant to join a dynamic new UK company with strong financial backing. Our client is poised to embark on consolidation and development of its already strong production and marketing of hardware/software for computer aided manufacture. It has a substantial market already in the UK and plans to expand overseas as quickly as possible. Production experience, familiarity with overseas reporting and the ability and desire to become involved in all business activities with an enthusiastic management team are essential as is attention to detail. BUPA, pension and life assurance. Very good prospects.

J.I.A. Cave, Ref: 16200/FT. Male or female candidates should send CV immediately indicating present level of remuneration and a daytime telephone number or telephone in confidence for a Personal History Form 01-734 6852, *Sutherland House,* 5/6 Argyll Street, LONDON, W1E 6EZ.

INSURANCE ADVISER

The Government of the Isle of Man is to appoint, initially on contract for a period of five years, a suitably-qualified person with a deep knowledge of and wide experience in dealing with all aspects of insurance including particularly offshore insurance. That person will serve on the staff of the Treasury and among other things will be responsible for:

(a) Advising the Finance Board and the Government Treasurer on insurance practices and operations.
(b) Examining and reporting upon applications from insurance companies including those seeking exempt status.
(c) Dealing with matters arising out of the Insurance and Companies Acts and Regulations.
(d) Developing the insurance sector of the Island's economy.

The salary is negotiable within the range £22,500-£25,000 per annum.

Further particulars of the appointment are obtainable from:
THE GOVERNMENT TREASURER
CENTRAL GOVERNMENT OFFICES
BUCKS ROAD, DOUGLAS, ISLE OF MAN
to whom applications for the post should be submitted by 31 August 1982.

U.S. EQUITIES

Management Opportunity

A leading U.S. investment bank is seeking a highly motivated, professional person to establish and manage an equity brokerage team. Research back-up provided. Compensation negotiable. All discussions will be treated in strictest confidence.

Please reply to Box A7932, Financial Times, 10 Cannon Street, London EC4P 4BY.

HS

MERCHANT BANKING

Young Chartered Accountant

Hill Samuel & Co. Limited, a part of the Hill Samuel Group, is one of the City's principal Accepting Houses with subsidiaries in Australia, the Channel Islands, Hong Kong, Ireland, South Africa, Switzerland and the U.S.A.

We require another recently qualified accountant to further strengthen the Group Internal Audit Department, which covers all the merchant bank worldwide and a part of the Group's investment management and insurance business. The selected candidate should be capable of making an early contribution to the quality and effectiveness of our financial control systems and should also possess the potential for further career development in merchant banking activities or elsewhere in the Group. He/she will preferably have worked for a reasonable period with one of the larger international firms of Chartered Accountants.

This is an excellent opportunity to gain an immediate insight into a forward-looking organisation which is extending its range of services and developing a new generation of sophisticated business systems. It also provides reasonable periods of stimulating overseas travel.

The salary we expect to pay will reflect the importance and scope of this appointment and outstanding company benefits include subsidised mortgage and loan facilities, non-contributory pension scheme, free life assurance and BUPA membership.

Candidates should apply in writing with details of their personal history, qualifications and experience to:-

Miss Deborah Harman, Senior Personnel Officer,
Hill Samuel & Co. Limited, 100 Wood Street, London EC2P 2AJ.

HILL SAMUEL & CO. LIMITED

APPOINTMENTS WANTED

IMM FINANCIAL FUTURES TRADER

seeks position on LIFFE

P. D. Ekmen 4519 N. Pauline
Chicago, Illinois 60640,
(312) 989-1807

BITE TO BYTE, PRODUCES UNIQUE COMBINATION

Mature 36-year-old successful Dental Surgeon with sound business judgment; six years' commercial experience of Dental/Medical microprocessor systems; proven communicator through lecturing and published articles; artificial intelligence, vision and speech recognition experience; seeks a challenging senior position utilising wide background, initiative and integrity.

DOUGLAS BENN 01-550 3595

LIFE ASSURANCE

Bedfordshire-based brokers require additional salespeople. Must have good track record and be highly independent.

Please telephone Managing Director on 0582 666684

UNIVERSITY OF LONDON
SIR JOHN LUBBOCK CHAIR OF BANKING LAW TENABLE AT QUEEN MARY COLLEGE

The Senate invite applications for the above Chair. Preference will be given to those with specialist knowledge of the law and practice relating to international banking operations.

Further particulars are available from the Academic Registrar (FT), University of London, Malet Street, London WC1E 7HU. The closing date for receipt of applications is 30 September 1982.

Drayton Montagu

Drayton Montagu Portfolio Management Limited, the Investment Division of Samuel Montagu, invites applications from suitably experienced individuals for the following positions:

Investment Marketing

Candidates are sought to assist in the development of DMPM's expanding domestic and overseas investment activities. The positions could be of special interest to individuals in their early 30s or 40s who are experienced in all aspects of investment, both domestic and internationally, and/or are conversant with the operations of all types of unit trusts.

Fixed Interest & Currency Management

Candidates, probably with an economics degree, should have experience in managing multicurrency and fixed interest portfolios. This position could be of interest to candidates in their mid/late 20s.

These positions provide considerable scope for individual flair and initiative and career prospects are excellent in an expanding environment.

Competitive salaries will be offered together with substantial staff benefits which include low interest housing loan, non-contributory Pension Scheme with free life assurance, family medical cover and profit sharing.

Applications, which will be treated in strict confidence, should be sent to B.K. Barber, Personnel Director:

Samuel Montagu & Co. Limited
114 Old Broad Street, LONDON EC2P 2HY

Chief Executive
Management Consultancy

A long established and highly regarded consultancy, London-based, seeks a Chief Executive to lead the present management team in promoting expansion and development plans.

The successful candidate is likely to be aged 35-45 and a Chartered Accountant with extensive experience at a senior level in commerce and consultancy, with a proven record of success.

Outstanding leadership qualities and personal abilities are vital. The remuneration package would reflect the importance of the post.

Candidates are invited to write with career details to B.R.C. Potterton (Ref. 216), Vine Potterton Ltd., Wakefield House, 152/153 Fleet Street, London EC4A 2DH. Please state separately any companies to which your application should not be forwarded.

Vine · Potterton
RECRUITMENT SERVICES

Commercial Lawyers for Industry

Northern Engineering Industries plc is an international power engineering group operating in the U.K. and overseas with a turnover exceeding £700 million and a workforce of some 34,000 people. The Group is seeking two young Commercial Lawyers to operate mainly in support of its expanding international business.

Applications are invited from experienced Solicitors or Barristers capable of handling, without supervision, a broad range of legal and commercial matters, including multi-million pound contracts in the U.K. and overseas.

The successful applicants will be based in Newcastle upon Tyne and will be expected to travel worldwide as circumstances dictate in order to take a direct part in contract negotiations. They should have good post-qualification experience whether in industry or private practice, preferably associated with the engineering industry, and be prepared to work under pressure. Salary and fringe benefits will be commensurate with the responsibilities undertaken, and there are prospects for further advancement within the organisation.

NEI

For further information and particulars please apply to The Group Secretary, NEI House, Regent Centre, Newcastle upon Tyne NE3 3SB. Telephone: (0632) 843191

Assistant Company Secretary
c. £15,000 - London

Our client is a leading investment company, discount house and dealer in stocks and shares.

This is a new appointment, and the successful applicant, preferably aged between 30 and 40, must be a chartered secretary with a broad financial institution background. Previous experience in an investment holding company would be an advantage.

Fringe benefits include car, non-contributory pension scheme, BUPA, free lunches, season ticket loan and relocation expenses.

Please write to Ken Orrell, ref. B.19224, MSL Chartered Secretary, Management Selection Limited, 52 Grosvenor Gardens, London SW1W 0AW.

This appointment is open to men and women.

MSL
CHARTERED SECRETARY

TREASURER

Deminex, the U.K. subsidiary of an international oil company operating worldwide has a stimulating and challenging vacancy resulting from recent internal promotion.

As the head of a team of 5 and reporting direct to the Finance Manager, your main responsibilities will be:

— arranging project finance schemes for oil field development
— planning and management of a multibillion cash flow
— structuring and negotiating loan agreements
— foreign exchange dealing and exposure management

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MANAGEMENT : Marketing

EDITED BY CHRISTOPHER LORENZ

How the Post Office flexed its muscles

An aggressive marketing policy is paying off. Jason Crisp reports

"THE parcel business is, after all, a rough and tough trade. Trying to win the larger contracts is a bit like the gunfight at the OK Corral," reflects Nigel Walmsley, the remarkably youthful director of marketing at the British Post Office.

Nigel Walmsley (left): among the premium services he is selling is Expresspost—same day, door-to-door collection and delivery

While much of the Post Office business remains a monopoly, he points out, it has been far from protected from competition. Indeed, it is because of this that the PO, despite its past rather sleepy reputation, has recently developed a remarkably aggressive marketing stance which has resulted in many new services and a determined promotion of existing business.

As Ron Dearing, the chairman, acknowledges, key factors in the successful running of the Post Office have been the management of labour, and marketing. The Post Office is a highly labour intensive business — employing nearly 180,000 people. Last year, pay, pensions and social security cost £1.5bn, which is some 75 per cent of its £2.4bn turnover.

Marketing is of great significance. With the very high fixed costs involved in maintaining the nationwide mail network, it is crucial for the PO to sustain its volume of business if it is to be profitable. It has to avoid a downward spiral whereby falling business has to be compensated for by price rises, which in turn result in lower volumes.

In the past two years over 20 new services have been launched — from motorbike couriers to electronic mail. And with the PO's vigorous encouragement, direct mail advertising grew from over 30 per cent in the five years to 1980.

Heavy promotion, incentives for extra volume and free introductory offers have become the norm for business customers. Meanwhile, for the individual consumer, extensive advertising, special offer coupons for books of stamps and special deals for sending holiday postcards, have combined to make the Post Office's approach reminiscent of a company selling soapflakes or frozen peas.

The change is all the more remarkable in that as recently as 12 years ago the PO did not even have a marketing department. Then still a government department it was clear to civil servants that if anyone needed a service they would ask for it. And if the service did not exist there were, no doubt, a dozen reasons why it could not be offered.

Today the circumstances are very different. Since it became a nationalised industry over 10 years ago it has been required to try to meet a variety of financial and performance targets not previously experienced by civil servants. And last year it was divorced from the more glamorous and highly profitable telecommunications business. In addition, the government has chipped away at some of its monopoly powers.

Most postal administrations around the world are heavily subsidised including those of France, the U.S. and West Germany. (The latter has a significantly superior delivery rate.) Yet in the last five years the Post Office has contributed £93.3m to government coffers. In the year ending March 1982 it made a profit of £96.2m (current cost), substantially above the target set by the Government.

The marketing department was first formed in 1970—following a study by a firm of management consultants—and by the end of that year employed about 120 people, most of whom still had other jobs within the organisation. It now has 155 full time staff and there is a sales force of 280.

Much of the Post Office's marketing strengths are attributed to Nigel Walmsley, who has become the first head of marketing to win a seat on the main board. Walmsley, now 35, was at the time of his appointment the youngest director of any nationalised industry. His rise is all the more remarkable in an organisation which has had a reputation for promoting by seniority rather than talent.

Selling the P.O. services to business, says Walmsley, is not very different from selling office equipment or computers. "In order to sell it you have to become involved with a company and its cost pressures and its problems. You are often talking about cash flow management, which means you don't just go and talk to the mail manager."

Direct mail

Although some areas of the business have been in decline—such as private letters, thanks to the widespread advent of the telephone—there has been a considerable growth in others. The greatest recent growth has been in direct mail advertising, which accounted for 6½ per cent of mail in 1975 and rose to 11 per cent in 1980. (The P.O. says that apart from the more recently established commercial radio, direct mail is the fastest growing advertising medium in the UK.)

About three years ago, in an effort to encourage companies to use direct mail advertising, the P.O. began offering them free trial shots of between 1,000 and 3,000 letters. Over 5,000 organisations have taken up the offer and, according to Walmsley, between 60 and 70 per cent have made subsequent mail shots or built direct mail into their marketing plans.

The Post Office is particularly keen to see continued growth of direct mail advertising because of the substantial revenue it can generate. Not only does it benefit from the initial letter but also from any returned order. It may also carry the parcel when it is sent to the customer and then there is the invoice and the payment—possibly in the shape of a postal order—which have to be mailed back.

The Post Office is also looking increasingly at the narrower constituent segments of letter traffic such as credit card billings, utility billings, greetings cards, periodicals, book clubs, and mail order. As part of its more professional marketing effort, the PO is trying to tailor price and service to meet the specific requirements of each.

Premium services have also become a significant growth area and here the Post Office faces direct competition from other organisations such as air and motorbike couriers. Datapost, originally set up to transport computer tapes overnight, has been heavily promoted and extended. The Post Office now charters seven small aircraft to deliver packages around the country. One large international firm of air couriers which operates in the UK says it welcomes the Post Office's aggressive approach because it is increasing the size of the overall market.

Other premium services include Expresspost, which is essentially a courier service and Intelpost, which provides electronic mail through facsimile transmission between centres in the UK and also a number overseas.

In the parcel business the Post Office is becoming more sensitive to customer needs. There are now over 25 different ways for companies to despatch parcels, from very rapid delivery at any price to massive bulk distribution, such as for mail order companies.

The strong emphasis on marketing in the Post Office has begun to pay off. Remarkably enough, during the recession mail volumes have remained high. In the year ending March 1982 first class mail fell 1.2 per cent by volume and second class rose 0.2 per cent, both significantly better than expected by management. (Although volume is above the 1977 low point it is still only 92 per cent of that achievement in 1975).

Confidence in the results of vigorous marketing allowed Ron Dearing to say last week that he hoped to increase the volume of business 2 per cent in the current year even though the official target was only 1 per cent. And although the Post Office is aware of potential long term threats like electronic banking, shopping and mail, there is now an optimism in the future of the business that would have been visible three years ago.

ADVERTISING

Newcomers hit the big time

BY HOWARD SHARMAN

A NEW breed of advertising agency has been establishing itself in the London advertising market during the past two years or so, and with the meteoric take-off of Bartle Bogle and Hegarty it can truly be said to have come of age.

At the end of March the three eponymous gentlemen walked out of TBWA, an agency whose London office they had started from scratch in the early 1970s, and set up in John Hegarty's front room with a secretary (now a shareholder in the new agency) and no business. Four months later they have billings of over £6m and a client list which reads, in order of arrival, Audi, Whitbread, Levi. None of these was a client of TBWA.

The winning of the Levi account last week from McCann-Erickson marks a watershed in the advertising world. The appointment of one of the new agencies to handle a large piece of business for an American multinational with a strong belief in international advertising represents a significant shift in a pattern which hitherto had seen major international companies placing their business with the larger agencies.

As if to stress that the movement is not just a one-off, in the same week Wight Collins Rutherford Scott substantially increased the number of products it handles for Nabisco Brands.

Somewhere between 60 and 80 new agencies have been set up in London in the last two or three years. There is, however, a core group of half a dozen who are out of the ordinary, and who already show signs of shaking up advertising's hierarchy. This small group is different because its member firms were set up by senior executives of large or well-established agencies. They are also different because, for many of them, this is the second time around for starting anew.

Mike Gold, for example, helped start French Gold Abbott in the early 1970s. He is now chairman of Gold Greenlees Trott, which aims to bill £12m by the end of this year after two and a half years in business. Ron Leagas was in at the birth of Saatchi and Saatchi and rose to be managing director before starting up the Leagas Delaney Partnership (with the former managing and creative director of BBDO) two years ago. Leagas Delaney is already billing £14m.

John Hegarty, Nigel Bogle and John Bartle: "The new wave is a phenomenon which is here to stay"

Bartle Bogle and Hegarty (along with Martin Denny who stayed behind) started TBWA from nothing and built it to billings of £21m last year. Their new agency will probably bill over £10m by the end of this year after a mere nine months in business.

Figures produced by Robin Wight of WCRS show that over a quarter of all the billings that changed agency in 1981 went to new agencies. Granted these figures include the blockbuster Lowe and Howard-Spink breakaway from Collett Dickenson Pearce and the huge Tesco account won by Nigel Grandfield, but the rate at which the new agencies have grown has been astonishing.

Looking back on their experiences, those who started agencies in the 1970s detect a huge shift in attitude on the client side. "Probably the most important difference is that in the early 1970s, when we started, we worked hard to get business from small clients," recalls Mike Gold. "Now the major clients are more open-minded about small agencies." They are also prepared to appoint small agencies to very large amounts of business where in the past they would have tested them for several years on one or two brands, he says.

Of course, the principals of these new agencies, with whom these big clients want to work, are much better known and far more experienced than they were ten years ago, but there have been fundamental changes on the client side too.

For one thing, the TV contractors have been working hard to bring new advertisers on to television and the importance of the old packaged goods advertisers has declined. "The fast moving packaged goods companies are not the blue chip advertisers of the 1980s," says Nigel Bogle. "Life is so difficult for them that their advertising is defensive; it is not building the brand."

By the same token, many of the brightest marketing people are no longer working for these traditional marketing companies. They have gone to companies where they feel they can actually achieve something, or not count achievement by decimal points on Nielsen. Many of these new TV advertisers have become clients of the new agencies.

What almost all of these new agencies pride themselves on is the high quality of their staff and the selectivity they are applying to the clients they take on.

The old guidelines of ten employees per million pounds of billing have long gone by the board, but where most of the top ten agencies employ around five people per million pounds of billing, the ratio in the new agencies is nearer three per million. They can get away with this by keeping a shorter client list on which each client bills on average over £1m, and by employing a higher calibre of staff.

The corollary of this approach is that they are breeding the next group of agency entrepreneurs. "The new wave of agencies is a phenomenon which is here to stay," says John Bartle, "but the next breed of new agencies will come from within the current new agencies."

"I would hope that the people we employ would have the skills and ability to start their own agency," says Robin Wight, "but I hope we have the skills and ability to keep their interest focused within these four walls."

TECHNOLOGY

EDITED BY ALAN CANE

A potential engineering solution to intractable historic difficulties

Man-made island could solve the Falklands problem

BY DAVID FISHLOCK, SCIENCE EDITOR

COULD a man-made island be the long-term answer to the problem of safeguarding the security of the Falkland Islands? Professor John Allen, chief futures projects engineer of British Aerospace, sees it as a way of avoiding an intrusive military presence in the islands, and of providing the armed forces with more sheltered and congenial accommodation in a naturally hostile environment.

Professor Allen, an authority on offshore opportunities and an enthusiast for man-made islands, sees them as potential "engineering solutions to intractable historic problems," such as disputes over territory and waterways. He also sees them as solutions to more contemporary problems.

Perhaps Britain, having learned how to mine the North Sea for gas and oil using small man-made islands, could extrapolate its experience to the mining of coal offshore, instead of intruding into agricultural pastures on-shore, he says.

Professor John Allen, Chief Future Projects Engineer of British Aerospace.

At a Sperry-Univac seminar discussing energy and the environment last month, Prof Allen disclosed that a group of British companies — construction, engineering and electronics concerns, together with some big banks—were partners in a newly-created venture called the Offshore Future Club. Their aim is to "maintain the momentum of a growth area." One member, McAlpine, has already put forward a scheme for an offshore coalmine in north-east England.

Prof Allen points to a plan published recently by the Kozai Club in Japan—pioneering nation of the concept of the artificial island—in which 90 major companies have collaborated in an assessment of Japan's own potential needs for such islands.

The Kozai plan is a 20-year programme for construction of man-made islands. It has identified locations for 18 new offshore islands to extend Japan's scarce flatlands for uses ranging from recreation ("floatels" and leisure centres) to large energy centres for coal liquefaction, LNG imports, and nuclear power.

Japan built its first artificial island off Nagasaki in 1640, as a trading centre for Dutch traders. Since the Second World War it has built a series of such islands, mostly by dredging or using rockfill from mountains.

Mitsui built a coalmine 120 metres across, two kilometres offshore, in 1951. Japan today has three major coalmines at distances up to 10 km offshore.

Pollution

The island for the Ohgishima steelworks in Tokyo Bay took three years to construct. The steelworks itself took another five years but has given Japan perhaps the world's only example of a modern steelworks laid out optimally on a truly "greenfield" site. Prof Allen adds that 20 per cent of its cost went into pollution control.

The most ambitious Japanese scheme is Kobe Port Island City. The island was created from a nearby mountain. It embodies no new technology but is a splendid example of good organisation and management. Where the Japanese once sought expansion militarily, now they seek it by management skills, he says.

But his idea is that smaller islands would be built like big ships, towed into position, then "anchored" in place, even as an extension of the existing shore. Very sophisticated power generation or process technology could be assembled on such a platform before it left the shelter of its construction yard.

A smattering of projects already exists round the world. In Sweden, a windmill to generate over 9 MW, standing 160 metres high, is planned for a platform offshore. The Dutch are planning an offshore energy port for receiving LNG and LPG.

The U.S. has several artificial islands off the Californian coast, on which stand a total of 200 oil wells. It is also exploring an energy concept called OTEC (ocean thermal energy conversion), the idea of which is to build large power stations at sea to exploit the steep temperature gradient between surface and deep water.

Prof Allen is eager to persuade the Offshores Future Club in Britain to produce a co-ordinated plan for developing a new industrial activity in Britain. He believes it should also have government backing—just as the Kozai plan has support from Japan's Ministry of Transport and MITI.

Environmentally, such islands will raise some big questions. They will need to avoid fish spawning areas but other effects on the adjoining sea bed can with modern technique be accurately predicted. But the general disturbance to the marine environment could prevail for as long as two or three years.

Costs depend importantly on the precise circumstance and whether there is the option of constructing the project on land. One Dutch estimate puts the cost of artificial islands at twice the price per square metre of industrial land. Some estimates for offshore nuclear islands suggest a still greater disparity.

Britain's most promising locations for man-made islands may be the Thames Estuary, the Wash and the Solent, Professor Allen says.

In international law, no artificial island yet exist. The North Sea oil and gas "islands" are covered by existing legislation but a general definition of artificial islands has not been agreed. It is missing even from the UNCLOS draft convention and other conventions applying to the future use of marine resources.

There are bound to be ambiguous situations, such as whether the Queen Mary anchored off Los Angeles should be classified as a ship or an offshore leisure centre.

As Professor Allen sees it, there is an urgent need for maritime law to tackle this problem. A useful start might be the conclusion of an UNCLOS treaty approving the erection of artificial islands.

Micro-hydro experts aid for rural areas

China set to welcome British micro-power

BRITISH micro-hydro experts have been invited to visit China to demonstrate hydroelectric turbine control units which have already proved effective in rural areas where there are grid supply problems.

Developed by Intermediate Technology Industrial Services (ITIS) of Rugby, Evans Engineering and GP Electronics over seven years, the units have proved successful (and cost-effective) in Nepal, Sri Lanka, Columbia, India and Kenya.

Potentially attractive areas of use would be the Caribbean islands, the Phillipines, Indonesia and Thailand, or anywhere with mountain ranges or islands with moist marine climates.

A breakthrough into a major market like China would have considerable implications for the use of the package in other developing countries where up to 75 per cent of the population lives in rural areas, many with no access to grid electricity.

The schemes are most suitable for generation of up to 100 kW. Small turbines were used in Britain in the last century but declined in popularity in the '20s and '30s. ITIS has improved the design of turbines to keep the capital cost down through simplification. But according to ITIS micro-hydro adviser, Ray Holland, the real cost benefit comes from "using modern technology electronics to control the speed that allows us to use simpler turbines."

Turbines (avoiding the cost of expensive dam building) can be run off small streams and diverted water courses from rivers. The problem is making sure that the generator produces a consistent flow of electricity from an erratic water supply so electric motors do not burn out. In the past a part solution has been to use a mechanical load controller. However, the gearing can be complicated, and difficult to repair — making them expensive and not necessarily totally reliable.

The solution has come from an electronic load controller, based on cheap integrated circuits. Local people can be trained to identify faults which are rectified by simply replacing the relevant low cost circuit board.

The cost for a micro-hydro package varies between £500 and £750 per kW, and "that includes the cost of river diversion, that is weir structure, canal, the penstock pipe which leads to the turbine, the generator speed control system and the short amount of transmission," says Mr Holland.

Not only is the electricity in use during the daytime for industrial or agricultural machinery purposes but it can provide domestic electricity in the offpeak period. In comparison, a country like Kenya has to spend at least £4,000 per kilometre to extend the grid.

There can also be a foreign exchange saving because hydro-power normally works out cheaper than diesel electricity generation. It is also possible to save on hardware because turbines can be made in any country with the simplest mechanical manufacturing capability.

In Sri Lanka, the increased price of electricity has made it worthwhile for the national Tea Corporation to resuscitate hydro-plants on tea estates. Mr Holland says the capital cost is largely offset because they are simply bringing old equipment back into use for a marginal amount.

Electricity bills can drop dramatically and they can use the micro-hydro power permanently or as a standby so they don't lose production when the grid is out of action. The electricity powers tea rollers, roll breakers and withering fans. Several plants have already been converted and the Tea Corporation estimates there are 150 to 200 plants which could be rehabilitated in a similar way.

The Andes according to Mr Holland, "provides wonderful hydro country." In the ITIS project in Columbia in El Dormilon, high technology and the old turbine know-how came together to provide power for a saw mill. The latter, run as a co-operative provides income to pay for the plant investment and community developments later.

Electronic storage

Retrieval systems

ALTHOUGH the two techniques are likely to be used for rather different purposes, there is no doubt that electronic storage has created a climate in which microfilm equipment has had to become both cleverer and easier to use.

A page of data in a computer system can be accessed very quickly and if interaction between database and user and communications are involved, microfilm is hardly the first choice.

But, where access only is called for, plus a quick hard copy, film still takes some beating on cost grounds, particularly if the stored data tends towards archival.

For storage and distribution, the cost effectiveness of film is put by Bell and Howell at four to five times that of electronics. It is also three to four times cheaper to implement, and only paper itself, with its low level of hardware, is cheaper to implement than film.

Microfilm remains a big, growing market, currently running at \$2.2bn per annum worldwide and likely to go on growing at 15 per cent — only marginally lower than the 18 per cent of recent years.

Keeping sales buoyant for Bell and Howell will be machines like the new ABR 690/VISCO, a retrieval system for 16mm film in which any frame from 200 or so can be projected within two or three seconds and printed out on a built-in dry toner copier in 10 to 12 seconds.

The system costs £5,900 and has a microprocessor that allows the user's needs to be keyed in from a small associated keyboard. He can ask to look at every frame, with a dwell time of his own choosing, or at every other frame, or at every third, fourth, etc.

Any kind of blip code on the film can be read and understood by the machine, which can even cope with unblipped film by measuring lengths extremely accurately.

The printer has automatic exposure and any number of copies can be keyed in up to 10.

If necessary, the system can be instructed from a remote computer over an RS232 interface. GEOFFREY CHARLISH

Publications

Loss leader computers

THE OLD joke that microcomputers are becoming so cheap that publishers of home computing magazines would be able to give them away free as a loss leader seems to be coming true.

Sinclair User, the first of the UK magazines to concentrate entirely on the best-selling Sinclair ZX 80/81, has struck a deal with Sinclair which enables buyers of the August issue of the magazine to obtain a ZX81 in kit form for only £29.95 rather than the full selling price of £49.95.

There are already some 500,000 Sinclair micros in use in the UK so Sinclair User's claimed circulation of 60,000 a month is well within bounds.

Disposal

Shredding unit

NEW from Portable Factory Equipment is the Shredtamer Cross Cut document shredder which can handle up to 50 sheets of paper per pass and reduce them to shreds 40mm x 3.8 mm. The unit is claimed to be ideal for the destruction of computer print-out paper, light metal printing plates, index cards and scrap plastic credit cards. More on 021 554 7241.

Welding

Electrodes

STUBS Welding of Warrington has introduced a range of electrodes for welding all commonly used 300 series of austenitic stainless steels. The company has spent two years on development and tests and says that apart from conforming with American Welding Society specifications, the electrodes can produce high quality, porosity free deposits in all welding positions. Technical details from 0925 53939.

Record Review

Antony Thorncroft

Noises off

Kid Creole and the Coconuts

With the record industry reeling from the left hook thrown by the recession followed by the rabbit punch of home taping there is a frantic search for something new to stimulate sales. Some short-term relief is coming from cockney chat records, inspired by the TV series *Minder*, but what is really needed is another musical breakthrough, like the electronic buzz which swept away punk, and has proved imaginative enough to invade the U.S., headed by bands like The Human League and Soft Cell.

The near obligatory use of the synthesiser has got the musicians union worried but has opened up a treasure trove of new and melodic sounds. But already the electronic bands are looking faded and the hunt is on again for the future.

Some of the more experimental record companies, such as Island, are pushing African music. The latest from the Top of the Pops of Zaire and Mali and more, to be found on *Sound d'Afrique II* has a bizarre attraction, and fortunately the actual sounds are immediately accessible to Europeans. The surprise is the all-pervading Latin influence on this selection of bands from former French (and Belgian) colonies. This is mellowed down salsa, or soukous, to give it the local name. Soukous is the native answer to the Latin bands which dominated popular music in this part of Africa in the fifties and sixties, and naturally it is designed for dancing. With pounding acoustic guitars, often horn backings, and drum rhythms that change from country to country, this is an intriguing and quickly attractive sampler of a music with a great deal of subtlety and power. And it makes a change to hear songs that are under-recorded and allowed to sing for themselves.

Contemporary African music slips easily into the current eclectic British musical scene but Peter Gabriel wants to break down the barriers between the traditional music of the developing world and modern rock. He recently organised a Festival of Rhythm and Music at Shepton Mallet at which bands like The Beat played alongside the Drums of Makebuke of Burundi. An album, not of the Festival but featuring the musicians who performed there, *Music and Rhythm*, has been released by WEA and very successfully fulfils its purpose of stressing the links between white and black, north and south, especially, the link provided by rhythm.

Some of the tracks seem affected, not least Peter Gabriel's own contribution, but setting The Beat's "Mirror in the Bathroom" alongside Prince Nico, the Nigerian musician's "Sweet Mother" is inspired. The Beat have been influenced by the "high life" style of West Africa, while Prince Nico has adopted western instruments. And the rhythms are the same as one track slides into the other.

With excerpts from the Ramayana monkey chant of Bali, the ritual music of Sufism from Pakistan, and Malawi xylophone music, not surprisingly perhaps the British contributions sometimes seem a little precious. But the desire to expose the cross fertilisation that now exists in music throughout the world is salutary and, more to the point, enjoyable.

But just how good contemporary music can be, how effective its exploitation of the synthesiser and the most sophisticated studio techniques, is on hand with Donna Summer's latest album, pointedly named *Donna Summer*. Produced by Quincy Jones it is awesome in its electronic perfection. There is an element of pretentiousness in the project—the final dedication on the sleeve is to God for this work on universal harmony—but in the main this is the music you will be hearing in the safe discos this summer.

and the best of the synthesiser, backed by any drums, choirs, saxes, etc., needed, ensures that the whole album is the easiest of listening, and of dancing. Donna Summer's bedroom voice helps, too. Perhaps it is ominous that one of the best songs, "Love is just a breath away," is basically the synthesiser given its head—a far remove from the sweat of African drums, but just as compelling.

The musician who has taken electronic gadgetry to the furthest limit is the New York performance artist Laurie Anderson. On stage it is just her, a box of tricks, and a sax player. On record she sometimes calls in others to play bottle, or clap, or even the odd musical instrument, but in the main she creates eerie little images through her voice, one of the most magnetic in music, and her tape recorder.

The album, *Big Science*, is more atmospheric than her stage appearances — the distracting gaps have been eliminated in favour of a smooth flow of modern images, often built around the fears of urban living. But this is not depressing; it is stimulating, the gobbets of words, beautifully modulated, are intriguing and the strange music rising and falling in the background is the right counterpoint. And sometimes there is a pop song hidden away beneath the intellect. "O Superman," inspired by Massanet, is the best known, but "Big Science" has a grip and there is a romantic sadness about "Sweaters."

Finally a musical reminder of one of the most entertaining new bands of the year, at least to the UK. Not all of Kid Creole and the Coconuts comes across in *Tropical Gangsters*, but enough to convey the hip, good time, relaxed, high spirits of the man. The music is New York Latin played with panache, and although the melodies could be stronger they are good enough to make a return of the Kid to London in the autumn an event of some anticipation.

The experts have been persuaded to sell their talents, so on "Protection," Bruce Springsteen has contributed a marvellous pounding pop song as well as a zingy guitar solo. Vangellis and Jon Anderson have weighed in with "State of Innocence,"

Rinaldo/Ottawa Festival

Andrew Porter

Marilyn Horne and Benita Valente in Rinaldo

Ottawa's summer festival is a month of operas, concerts, plays, etc, in the National Arts Centre—a good building, a little more formal inside than Adelaide's splendid Festival Theatre, but with several of its merits—set beside the Rideau Canal, which runs through the capital and helps to make it so attractive a place. I went there in 1979 for Massenet's *Cendrillon* (Von Stade, Delia Wallis, Ruth Welting) and *The Queen of Spades*. This year there were Szymanowski concerts, *Lucia*, *Entführung*, and Handel's *Rinaldo*.

The last had the Rinaldo, Armida, and Argantes (Marilyn Horne, Noelle Rogers, and Samuel Ramey) of Houston's 1975 production; the same producer, Frank Corsaro; and—alas—essentially the same edition, by Martin Katz. In 1731, 20 years after the premier Handel himself practised sad mutilation on *Rinaldo*. The Ottawa gang went further. In brief, two of the consistent, emotionally and tonally coherent, dramatically dynamic sequences of arias and duet—from "Augelletti" to "Venti, turbini" in Act 1, and from "Fermati!" to "Vo' far la guerra" in Act 2—were dismembered and dislocated. Rinaldo's wonderful "Cara sposa," the centrepiece of the former, followed what should be the Act 2 finale. The A and B sections of Armida's great "Ah! crudel!" (a C-minor cavatina, as it were, to the G-major cabaletta-finale "Vo, far guerra") were separated and despatched two different spots in Act 3.

And so on. The edition was unscrupulously assembled (with additions from *Partenope* and *Admeto*) in the old belief that it is so radiantly contradicted, clause by clause, in the credo that Alan Kitching sets forth in his recently-published *Handel at the Unicorn*—the old belief that *Handel's* arias, so far from being the coherent dramas they are, are just one damned aria after another, so what does it matters who sings what where! Now *Rinaldo* — even from Winton Dean—has in this respect had a bad press. But

repeated study of the 1711 score—undertaken after the fairly numerous revivals of *Rinaldo* since the Handel Opera Society's in 1961—has convinced me that already in this his first London opera Handel triumphed over limitations of the convention and created a coherent and interesting musical drama.

The rival forces are drawn up. Personal emotions and intrigues distract the captains from the great enterprise—the liberation (or in the other camp the defence) of Jerusalem. Through trials and adventures (as in Tasso), well-defined characters progress toward the final confrontation and to victory for Christendom. There is a touch of *Coci* in Armida's feelings for Rinaldo and in Argantes' for Almirena; there is a touch of *Fidelio* in Rinaldo's steadfastness. And the pattern holds firm through all the spectacular divertissements that Aaron Hill devised to show off the King's Theatre scene painting and machinery, and through Handel's recourse to earlier scores to display his and his singer's prowess.

Corsaro staked all on spectacle. The decor, by Mark Negin, was stunning. The principal performers were a corps of dancers and tumblers dressed as gryphons, who reeled and writhed and fainted in coils around the singers, and finally changed into light military gear—eight golden, oear-naked Christians versus eight blue-clad Paynims—for an acrobatic display that Miss Horne, standing to one side, accompanied with "Or la tromba." Miss Horne in breeches roles at least (her Met Rosina this season bad character) has evidently renounced any aspirations to act. Her Rinaldo, like her Tancredi and her James (in *Donna del lago*), was a bulky, beplumed, noise - making machine that trundled on to the stage and uttered. The noises were sometimes spectacular in their fleetness and power, but not always free from a touch of Billingsgate timbre.

There was good, if not exactly Handelian singing from Benita Valente (Almirena) and Mr Ramey. Recitatives were taken slowly, with protracted emphatic cadences, and instrumental closes further delayed. Mario Rinaldi conducted a modern orchestra in a deep modern pit, and the instrumental playing lacked clarity of texture and firmness of articulation.

The show comes to the Met in 1984—a gift from the people of Canada to mark the New York company's centenary. Physically it is a handsome gift indeed. And there is plenty of time for all concerned to reconsider *Rinaldo* and their approach to it: to adopt a text closer to the 1711 drama; to master a less antiquated manner of Handel performance.

The campaign for Handel's operas, as Dean once wrote, will not be won until our professional companies take them up in productions that treat large-scale design, music, drama, and dance in a comprehensive unity. I've not seen the English National *Cesare*, the Welsh National *Rodelinda* (soon to be followed by *Tamerlano*), or the Kent *Agrippina*. I trust that they profit from the lessons dedicated Handelians have been teaching for decades. This *Rinaldo*, except in the matter of its untransposed mezzo hero, marked no advance on the City Opera's notorious *Cesare* 15 years ago.

And like that *Cesare*, it should be added, it was very warmly received by the public. Handel's operas are strong enough to take a battering and still make port in triumph. But oh! when will the audience in a big American house be able to enjoy one in full, splendid sail, not rent and tattered by men who do not understand their working!

Cathy Berberian/Bloomsbury Theatre

Antony Thorncroft

The dog days of August give an opportunity in London to the old and the experimental in the arts—there is no commercial alternative so why not see what youth, or ethnics, or women can do? Last year a festival of international fringe theatre produced the Brazilian company Macunaima, now back with us, and this year the Bloomsbury Theatre (once the Collegiate) has been given over to the Sound of Women Festival, a mixture of theatre and music, unified by the fact that the performers are women.

Appearing this week is perhaps the best known name on offer, the American-born Armenian singer Cathy Berberian. On Tuesday evening she presented "From the sublime to the ridiculous." The subtitle "A la recherché de la musique perdue," gives it all away. This is musical whimsy, a parody of an evening at a salon at the turn of the century.

The problem is that Miss Berberian has quite a serious reputation as a singer. She is closely associated with Berio who has composed many works for her. But here she is a subversive, a large comical lady in a mauve dress and all the trimmings of a late Victorian drawing room, the chaise longue, the bust of Beethoven. She sings selections in French, Russian, German and English. Is she sending it all up? You are not sure when she gives us Offenbach—that should be lighthearted. But here she is on to Dellbes with castanets and coquetry.

When she stops for a sherry and exchanges *bandinage* with her pianist you realise that there are two conflicting entertainments on offer—a voice aod jokes. It is the humour that comes off best, particularly in the English selection, which typically includes "Tit Willow," "My father's a drunkard, my mother is dead," and, sadly, the only music from a woman, "There are fairies at the bottom *of our* garden."

By the encores, with the finale of Rossini's duet for cats you realise that this is not for real. But the satirical element is kept so in check that the concert becomes the most private of musical jokes. It all makes for a curious evening. You are glad to hear the Moonlight Sonata and Beethoven's Fifth, quite seriously converted into soogs, but it is the oddity of it which leaves the strongest impression, not the comedy, not the voice.

Arts News in Brief

The first National Theatre production of Oscar Wilde's *The Importance of Being Earnest* is to open in the Lyttelton on September 16, directed by Peter Hall. The cast is Judi Dench as Lady Bracknell, Elizabeth Garvie as Cecily, John Gill as Merriman, Nigel Havers as Algernon, Martin Jarvis as John Worthing, Brian Kent as Lane, Anna Massey as Miss Prism, Paul Rogers as Canon Chasuble, and Zoë Wanamaker as Gwendoline.

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Thomas Kyd's *The Spanish Tragedy*, a Revenge tragedy popular with its contemporary Elizabethan audiences, is to be given in the Cottesloe, opening on September 22. Michael Bryant plays Hieronimo who seeks to avenge the death of his murdered son.

The cast also includes Michael Fenner, Roger Gartland, James Hayes, Basil Henson, Greg Hicks, Nicholas Selby, and Janet Whiteside. The director is Michael Bogdanov.

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There are to be some cast changes in the National Theatre's production of *Guys and Dolls*. During September, Paul Jones will replace Ian Charleson as Sky Masterson. Trevor Peacock will replace Boh Hoskins as Nathan Detroit, and Belinda Sinclair replaces Julie Covington as Sarah Brown.

Other principal casting, including Jnlia McKenzie as Adelaide, remains the aame.

Guys and Dolls leaves the Olivier repertoire for two weeks from October 5 to visit the Bristol Hippodrome.

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The National Theatre is to stage *Schweyk in the Second World War* by Bertolt Brecht with music by Hans Eisler. It will be directed by Richard Eyre.

Bill Paterson plays Schweyk. It opens at the Olivier on September 23.

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A first prize of £1,000 is being being offered for a major new short story competition by Stand Magazine, the literary quarterly based in Newcastle.

Entries, which must not exceed 8,000 words and must be previously unpublished, will be accepted from September 1 1982 and the closing date for the competition is March 31 1983. Entry forms are obtainable from Stand, 19 Haldane Terrace, Newcastle upon Tyne NE2 3AN.

Caucasian Chalk Circle/Cottesloe

Rosalind Carne

Bertolt Brecht bas suffered more than most playwrights from the reverence of the theatrical establishment. How can any modern director shake up this particular genius as he himself would have desired? Michael Bogdanov attempts just this in the current National Theatre workshop presentatioo, and it is fascinating to see ooe aspect of the Brechtian method at work in the haods of such expert technicians. After 37 performances io London and regional theatres, arts ceotres, schools and colleges, the production arrives, almost in defiance, at the Cottesloe.

The company, io casual clothes, employ whatever propa and set they find, and Tuesday's version was enacted on a bare stage in front of the appropriate cloudy backdrop to *The Prince of Homburg*. Lighting is stark and unchanged throughout, and an assortment of offstage items, buckets, woolly hats, canteen chairs, and so forth, are put to good use. Most effective of all are three metal ladders, precariously strung together with rope, serving as the rotten bridge which Grusha must cross to escape the Ironshirts. Patti Love looked terrified, and I was seriously concerned that she would have to be wrapped up in plaster for her next appearance in *Uncle Vanya*. Spontaneous applause broke out when sbe reached the step-ladder, held firmly in place by some of the cast.

At moments like this, the approach is a fine tribute to Brecht's maxim "Truth is concrete," aod, during the first half, the process of struggle and survival is keenly felt. Joss Buckley's narrator/singer has considerable persuasive power and his original music for guitar and voice certainly bas its roots in contemporary popular culture. Simple, effective and shamelessly electric, it encompasses a gamut of styles including traditional folk soog, blues, calypso, and the kind of songs on Radio 2 which get to the top of the charts at Christmas. He and the punchy choruses contribute greatly to the sense of fun, enhanced by considerable freedom of characterisation in the crowd scenes.

The court section proves most troublesome. Azdac may be a drunken lecher, but he needs more charisma if the ethics of his judgment are to be, if not convincing, at least worthy of consideration. Peter Needham allows himself to be overcome by lackadaisical sloppiness, relying on dramatic stereotypea, rather than seeking new meaninga in the lines. Nevertheless, the project, the first of its kind, is a welcome innovation and carries a freshness which is becoming something of a rarity in this building. An open discussion follows each performance.

Salonika/Theatre Upstairs

Rosalind Carne

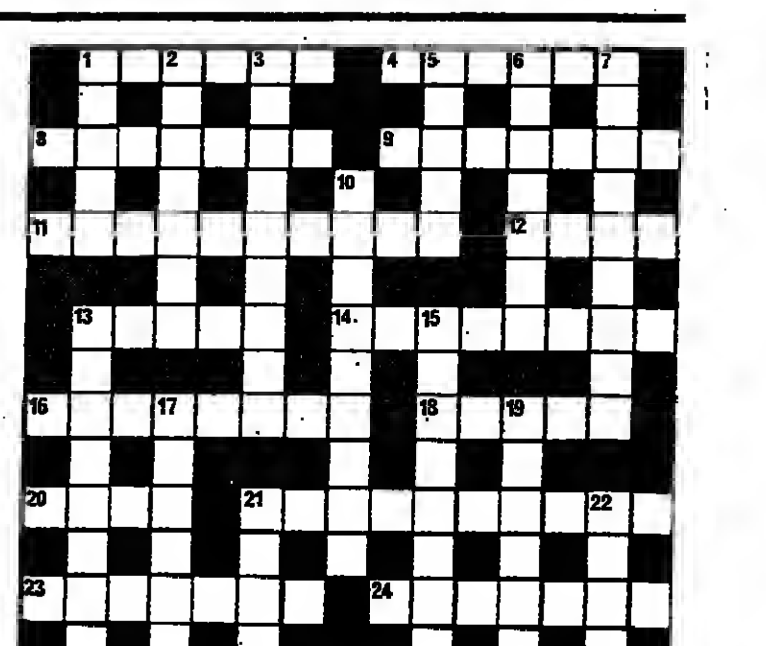
As the flower of British youth were being shelled to smithereens in France, thousands more were dying of malaria on the beaches of Northern Creece. Their memory haunts Salonika today and one in particular lingers on for the elderly, but sprightly widow Charlotte, and her stern spinster daughter, Enid. A package tour brings him closer than they could have imagined, and playwright Louise Page makes an excellent job of weaving past and present into a fine mesh of feeling and memory. Only the audience is astonished by the ease with which Beo re-enters the women's lives, after his startling resurrection.

Phillipa Nash's design is a strip of hummocky sand, scene for a succession of encounters which reveal much about the damaging social harriers between youth and age. Longing lust, and hate do not fade with the years, rather they increase when life has little else to offer. But when it comes to mortality, there is a hint of dislocation between the material and method, ao uneasy contrast in style betweeo the women'a brittle, humorous dialogue and the impassiooed moralising from a vantage point beyond the grave. I was fascinated by the new angle of the subject, but after a promising beginning, the impact softened, levelling out around an unexpectedly pat conclusion.

Gwen Nelson's Charlotte is a mischievous octagenarian who has found her second wind, to the perpetual embarrassment and concern of her daughter. Their relationship is instantly recognisable, every barbed generality conjuring a lifetime of mingled affection and resentment. The crunch comes when Mother's 74-year-old suitor, Leonard, arrives from England complete with rucksack aod sleeping bag.

Daony Boyle's direction draws out forceful, if occasionally exaggerated performances, and the best of these comes from Sheila Burrell as the unhappy, jealous, daughter. She focuses her unfulfilled sexual and maternal desires on an attractive and indolent young traveller who makes a career of lounging around in the sunshine, selling blood or semen when the need arises. Garry Cooper gives him just the right degree of passive curiosity, up to the point where he becomes an active participant in the family crisis. His first appearance, sunbathing, naked and prone, immediately suggests a corpse, and the image flickers subliminally throughout the play, one of many ways in which this talented writer arouses and, very nearly, sustains ioterest.

F.T. CROSSWORD PUZZLE No. 4,941



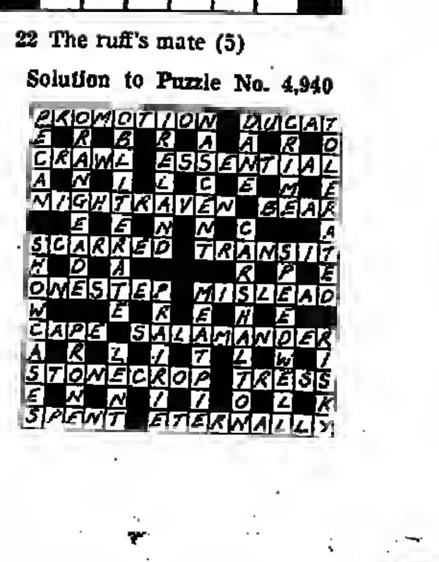
ACROSS

1 Hound airline with altered leg (6)
4 Are returning to the river to take a picture (6)
8 Impression obtained from GCE hint (7)
9 Group needs a long time for dressing (7)
11 "I — a fury in your words, but not the words" (Othello) (10)
12 Spot the underground worker (4)
13 Roman works produced on stage (5)
14 So after a letter from Greece Ian becomes a member of the orchestra (8)
16 Muddle a pack of cards in the crew's quarters (4, 4)
18 In time the engineer is to assent (5)
20 Old Siamese (4)
21 Proceed at an easy gallop to inter the Archbishop (10)
23 Mercy — that is the cardinal point (7)
24 Needlework for tennis champion in court (7)
25 Politician in Ireland shows control (6)
26 River for the old folks (6)

DOWN

1 Staff gives instruction not to declare (5)
2 The late change of runner (7)
3 This painter touches down on the point (9)
5 Prize for hostilities in this period (5)
6 Prevalent finish for poor mice (7)
7 Sounds like manna from the baker's (5-4)
10 Activity suggested under cloudless skies (9)
13 Hospitality without regard for security (4, 5)
15 "We must not make a — of the law" (M for M) (9)
17 This cup is served before the meat, we hear (7)
19 Difficulty one gets to know in the river (7)
21 Those proved guiltless are in it — it is obvious (5)
22 The ruff's mate (5)

Solution to Puzzle No. 4,940



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A U.S.-Japan trade rift

RECENT trade-related arguments between the U.S. and Europe have overshadowed the trading tensions between the U.S. and Japan. They have moved the spotlight on from the questions of U.S. "reciprocity" (the U.S. will only buy from Japan what Japan buys from the U.S.) and of Japanese non-tariff barriers, which were the focus of attention at the start of the year.

In the meantime the trading atmosphere between the U.S. and Japan has taken a turn for the worse. A flurry of legal cases has alerted Americans to the idea that Japanese businessmen may be using unsavoury business methods in competing with U.S. industry and selling into the U.S. market. Mitsui and Co, the Japanese trading company, pleaded guilty to charges that it had falsified customs documents in an attempt to sell steel products around the U.S. anti-dumping restrictions. Mitsubishi Electric and Hitachi have both been accused of conspiring to steal IBM computer secrets for use in Japan.

Meanwhile increasing attention has been paid in both countries to the procurement policies of the telecommunication giants — American Telephone and Telegraph in the U.S. and Nippon Telegraph and Telephone in Japan. AT&T chose to buy a new fibre optics communication network from its own subsidiary, Western Electric, rather than accept a cheaper offer from Fujitsu. It cited economic and security considerations as the reason. NTT is proving reluctant to buy American electronic equipment despite assertions from both the company and the Japanese Government that a new, liberal procurement policy was to be applied henceforth.

Pressure

The U.S. machine tool industry is now putting public pressure on the Reagan administration to deny American companies investment tax credits if they choose to buy types of machine tool with a high electronic content from Japan. This follows an eye-opening increase in the Japanese share of U.S. sales of numerically controlled machining centres from under 4 per cent in 1976 to over 50 per cent today.

Two dangerous developments are implicit in these examples. The Hitachi and Mitsui cases are grist to the mills of all those who argue that the U.S. and Japan are really engaged in a no-holds-barred struggle for economic survival and ought to have no illusions to the contrary. Reciprocity tends to be justified with the assertion that the Japanese will ignore words and only respect actions. The problem with reciprocity is that while it is a weapon wielded in the name of free trade its results may well be quite the opposite—the break-up of world trade into a large number of bilateral trade-offs between countries.

Danger

The second danger lies in the case on which the U.S. machine tool industry is basing its demand for overt discrimination against Japanese suppliers. The industry says it needs this discrimination to compete with the Japanese on an "equal" footing. It argues—as did ATT and T—that US defence interests could be compromised. It wants the administration to send a clear signal to Japan that it will not allow an industry to be picked off. In short, the argument has moved on from "we want to compete against fair competition" to "we can't compete, so we need protection."

Although the U.S. is still considered a champion of the free market process, Washington's ability to resist such appeals has undoubtedly dwindled. Import competition is still a relatively new sensation for American industry. In 1970 the share of imports in U.S. GNP was still only 4.3 per cent. Today it is close to 12 per cent. In the same decade the power of Congress, relative to the White House, has been in the ascendant and it is Congress which represents the sectoral interests now feeling the competition from Japan.

This gradual shift in the character of the U.S.-Japan trade argument is just one more facet of the more general threat to the principle of free trade. It is one more reason why the GATT ministerial meeting scheduled for the autumn gains steadily in potential significance.

Co-operation in electronics

THE TIDE of nationalism continues to run strongly within the EEC, not least in policy towards industry. The French Government has just unveiled an ambitious programme of state-supported investment in electronics; the aim is that France should over the next five years close the gap with Japan and the U.S. and become a "great power" in electronics technology.

The authorities do admit that France cannot do everything for herself and hence will be looking for collaboration on a European scale. But past experience of European co-operation in electronics is not encouraging. The danger is that France, the UK, Italy and other EEC countries will devote most of their energies to nurturing their domestic industries, neglecting the opportunities which the European Community should in theory provide.

Partly because of the fragmentation of national markets—especially where government-owned bodies are the dominant purchasers — the incentives for European collaboration in electronics communications and related fields have not been great; companies are preoccupied with serving their domestic customers and have no access to a Europe-wide market. If co-operation and rationalisation are thought to be needed for the health of the European electronics industry, governments must create the conditions in which it becomes more attractive.

To some extent, the rising cost of research and development may push companies in this direction even without much prodding from governments. A useful example, in which the European Commission has been directly involved, is the recently announced Esprit project — the European Strategic Programme of Research in Information Technology.

Resources

The first step, which brings together most of the leading electronics companies in the Community, is the development of advanced technology for the manufacture of semi-conductor chips. Few, if any, of the companies concerned have the resources to develop this equipment on their own; collaboration makes obvious sense.

Whether the Esprit programme will lead to more wide-ranging research co-operation in electronics on the Japanese pattern remains to be seen. As research projects near the stage of commercial development, there are obvious difficulties in reconciling the interests of competing companies. On the other hand, if collaborative research is confined too narrowly to the "basic" end of the spectrum, it may become too remote from the markets which the companies are aiming to serve.

Nevertheless, joint research programmes are becoming fashionable even in the U.S. as a way of pooling costs; the creation of Esprit is a hopeful sign. There should be scope, too, for research collaboration among the purchasing authorities throughout Europe, especially in telecommunications.

Fragmented

Commercial co-operation between European electronics companies, whether in the form of acquisitions, mergers or joint ventures, has been limited—again partly because of the fragmentation of national markets. Since the collapse of Unidata—a joint venture between CII of France, Philips of Holland and Siemens of Germany — European computer companies have generally looked for partners in the U.S. or Japan.

The strength of nationalism as an obstacle to trans-national co-operation in high-technology industries is illustrated by the opposition, mainly from trade unions and politicians, to the proposed deal between GEC of Britain and AEG of Germany; yet this is the kind of transaction which, while helping to solve AEG's problems, could also contribute towards sensible rationalisation in European industry.

The days are fortunately over when the European Commission thought it could impose blueprints for changing the structure of European industries. Equally, there are powerful arguments against protectionism at the EEC level whereby, for example, public procurement would discriminate in favour of European-owned companies: such protection, besides offending against Gatt rules, would be bad for European producers and consumers.

The most important task for the Commission and member Governments is to remove the obstacles which continue to inhibit the development of a Continental-sized market in high-technology products.

THE AMBROSIANO AFFAIR

Clues to a banking scandal

By Duncan Campbell-Smith

SEVEN THOUSAND miles from his head office in Milan, bank manager Sig Giorgio Nassano waits impatiently in his own wood-panelled offices in Lima for some instructions from Europe on how to conduct the current operations of his bank.

Three hours flying time from the Peruvian capital is Panama City, where Dr Carlos Arosemena, a former president of the Inter-American Bar Association, sits below rows of framed diplomas on his office wall, pondering the activities of a group of companies which as a lawyer he helped to set up in the late 1970s.

And in a brand new bank building overlooking Nassau's biggest marina for private yachts, a terse security guard protects his management from the unwelcome attentions of any visiting journalists.

They are three of many assorted individuals in three distant locations touched by Italy's Ambrosiano banking scandal. For it was through operations in Peru, Panama and the Bahamas that the Ambrosiano group enmeshed itself in a series of transactions which have taken the Italian authorities several weeks to untangle.

When the Ambrosiano affair broke in June, it looked at first a puzzlingly misshapen drama—the authorities arriving on the scene, as it were, before the revelation of any crime.

Today, a series of disclosures in Italy, London and South and Central America has provided at least some clue as to why a sequence of extraordinary events should have overwhelmed the group after the Italian authorities stepped suddenly into the picture on May 31.

The diagram (right) presents a summary of these disclosures. The latest available balance sheets of the Ambrosiano subsidiaries in Luxembourg, Nassau and Peru are all accounted for, together with the principal transactions binding them together in recent years.

The authorities on May 31 demanded information about Ambrosiano loans in South America. There followed mysteriously in mid-June the suicides of Sig Roberto Calvi, the group's all powerful chairman, and of his secretary.

Only Sig Calvi and a handful of colleagues knew that the group had raised a huge amount of money and forwarded it to Panamanian companies set up by the group itself—often with Ambrosiano executives as directors — on behalf of Istituto per le Opere di Religione (IOR), the State bank of the Vatican.

These activities were arranged in the late 1970s in Europe and Nassau but they were hooked to subsidiaries in Latin America, first through Nicaragua and later, because of the Sandanista revolution in that country, through an offshore bank in Peru.

Just before Calvi's death, the board of the group's Milan parent—Banco Ambrosiano SpA —surrendered its responsibilities in his absence (for he had fled to London) and appealed to the Bank of Italy for the appointment of an independent executive.

It was little appreciated at that time what a miasma of intergroup transactions was emerging from a thorough review of the group's accounts —or at least those still at hand. Vital bank documents are now reported to have disappeared from Italy along with the group's chairman.

Three weeks later, the Luxembourg subsidiary of the group—Banco Ambrosiano Holding SA —withheld interest on Euromarket obligations and triggered a series of default notices.

Much of the mystery about the subsidiary's apparent insolvency is dispelled in the light of the parent's disarray. Luxembourg had placed deposits of $380m elsewhere in the group. This suddenly looked an alarmingly uncertain asset base to support, without guaranteed help from the parent. Euromarket borrowings of over $500m. The Luxembourg company also owed $150m to the Nassau subsidiary, Banco Ambrosiano Overseas Ltd. (Repayment has since been refused, exacerbating the problems of the Nassau bank, which the local courts have now temporarily suspended.)

Above all, gathering investigations into the finances of the Italian group have uncovered a real enough scandal. It appears unable to secure the repayment of loans worth $1.2-1.4bn.

In a private meeting with Euromarket bankers in London on July 29, Sig Giovanni Arduino, the most accessible of the three commissioners now running the Milan parent bank, had some harsh words for the single biggest Ambrosiano client.

This client is the Vatican's IOR—and it is being held directly responsible by the Milan commissioners for the missing loans.

With the situation thus far understood, however, little more has been publicly disclosed in Italy or anywhere else about the group's predicament—or about its obviously key relationship with IOR.

As for what has happened to the $1.2-1.4bn and the obstacles, if any, to its repayment—even the commissioners seem to have little clue. Sig Arduino said in London last week that they had "no idea because the matter is so complicated."

Constantly reminded of the situation's complexity, many observers—and especially the bankers—have begun to worry less about the root causes of the scandal than about its immediate impact.

The bankers' attitude is understandable. The Italian authorities are still refusing to view the Ambrosiano group as it was undoubtedly viewed by the Euromarket—that is to say, as an integrated and effectively indivisible whole. This clearly implies a threat to the future status of loans to other comparable international group structures.

The financial solvency of the Milan parent has been assured, courtesy of a rescue move by other Italian banks. If non-Italian subsidiaries of the group fared any less well, the image of Italian credit could be significantly affected.

The bankers' arguments over propriety in the Euromarket have been threatened occasionally to distract attention from the original issue of what caused the Ambrosiano group's predicament in the first place.

This apparently remains, however, the primary concern of the Italian authorities. Indeed, it is precisely a desire to push the Vatican into a full disclosure of its involvement that is widely seen as the real explanation of the Italian authorities' stand against the bankers.

The bankers' complaints may be discomforting for the Bank of Italy. But if the authorities succumbed and extended the Italian lifeboat arrangements to the whole group, runs the argument, what chance would there then be of a substantial response from the Vatican?

In further pursuit of this and a clarification of the whole imbroglio, at least five main questions still arise. They have been located with corresponding numbers on the diagram—and may be listed in ascending order of importance:

1—Who are the creditors to the group? Banks with loans outstanding to the Luxembourg company have been readily identified but other creditors are not publicly known. Creditors to the Milan parent have apparently been reassured by the refunding activities of the Italian lifeboat consortium. But it is remarkable that the Peruvian subsidiary six months ago had non-group deposits almost as large as the liabilities of the Luxembourg company, even leaving aside a further $112m in medium-term loans. (Banco Ambrosiano Andino is an off-shore bank subject to no obvious regulatory authority.) The Nassau subsidiary has taken deposits of $153m.

2—How, if at all, are substantial intergroup deposit transactions related? The Nassau subsidiary's accounts last month showed $130m and $19m of deposits received from the Milan parent and Banca del Gottardo in Switzerland. But which group companies have received deposits of $380m and $10m from Luxembourg and Nassau respectively? Do these or other deposits from Milan account for deposit liabilities of $236m in Peru?

3—Who are the lesser beneficiaries of loans made and deposits placed by the group? The Peruvian off-shore bank has put out deposits of $167m—how much of this is held by Peru's state-owned Banco de la Nacion, known to have over $100m of Ambrosiano deposits in toto? Perhaps more significantly, what is the quality of the Nassau bank's assets? It has $90m deposited with IOR itself though its net exposure is very much smaller due to an IOR deposit in Nassau. And what happened to mysterious loans of $14m made by the Nassau bank earlier this year?

4—Through what channels has the group advanced a total of $1.2-1.4bn to IOR? Virtually all of the Peru bank's $680m loans are apparently booked to IOR subsidiaries in Panama. Each subsidiary occupies barely a few inches of microfilm in the company records of Panama's Public Registry. Arosemena, Noriega and Castro, the Panama law firm acting as resident agent for at least five cases, says the companies' accounts are held outside Panama — perhaps in Nassau. How has the $680m been allocated among them?

Above all in connection with IOR, however, where lies the rest of the exposure? Nassau loans include $3.36m to Panama (including $1.93m to Trans-american Financial Services). Even including this and the Nassau bank's $90m deposit with IOR, it is only possible to identify from the accounts an aggregate exposure of $772.6m. The commissioners have disclosed that about half the Milan parent's $1.265bn borrowings is involved with IOR financing and Sig Arduino last week reasserted the $1.2-1.4bn figure for Ambrosiano's total exposure —where is the rest of it?

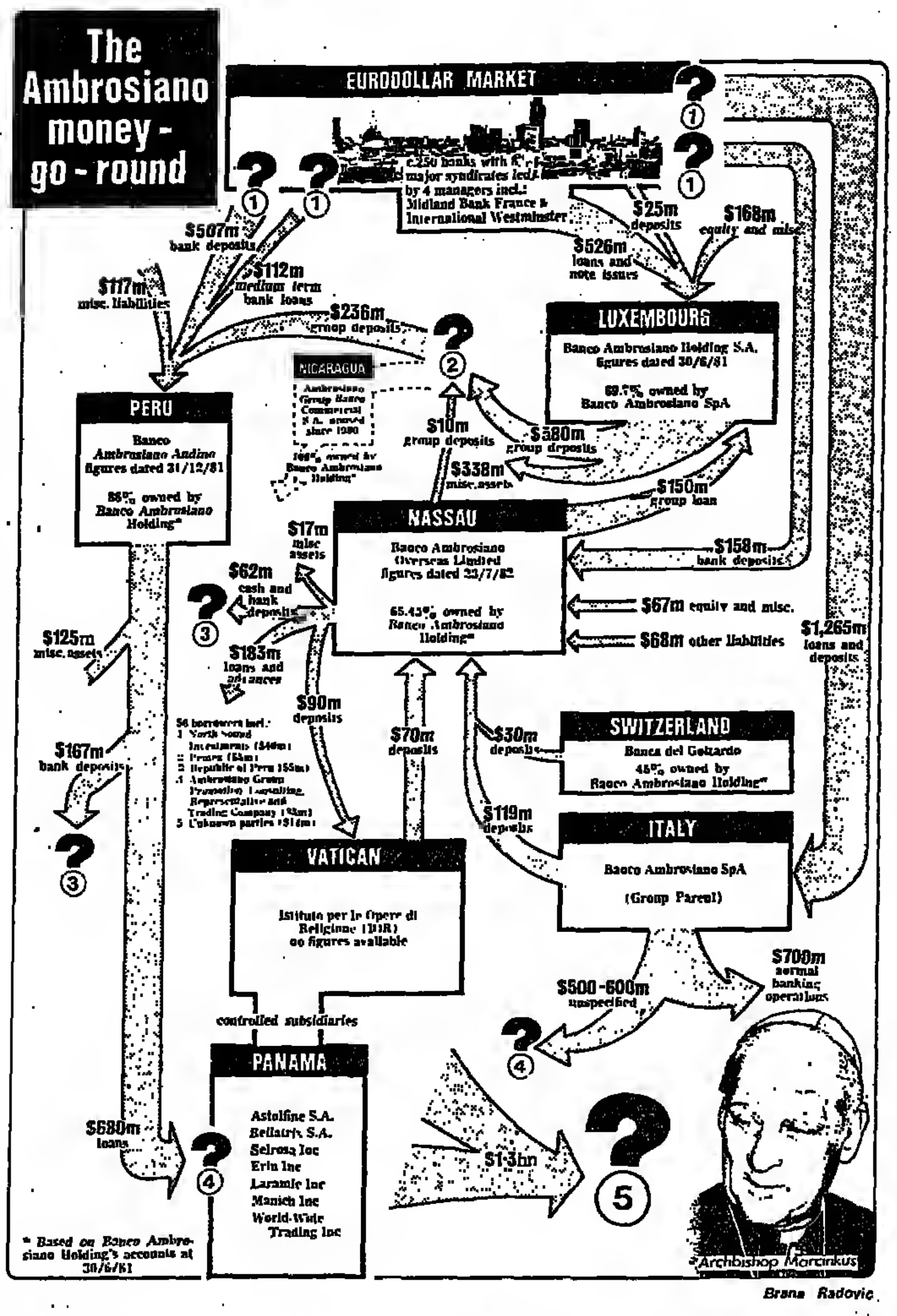
5—What has the Vatican state bank done with the money? After his meeting with the banks last week, Sig Arduino was pressed to say whether or not he thought the whereabouts of the money was known even to the three independent experts now appointed by the Vatican to sort out the IOR's troubles. Sig Arduino thought it was "too early" for them to know.

The one man who should know remains the huge, cigar-smoking Archbishop Paul Marcinkus from Cicero, Illinois. A close confidant of Pope John Paul II, he has headed IOR since 1971, was a close acquaintance of Calvi and sat until recently on the board of Ambrosiano's Massou subsidiary.

The Milan judiciary last week served subpoenas on Marcinkus and two other senior IOR officials to appear before the magistrate. Letters bearing the subpoenas were returned unopened to the Italian embassy of the Holy See.

The Vatican explained that letters sent through normal mail were unacceptable and it is demanding a formal diplomatic approach. This will require the subpoenas to be handed to Cardinal Casroli, the Vatican's Secretary of State.

It happens that Cardinal Casroli is at present in the U.S. — and his visit has revived speculation in Rome that Marcinkus may be conveniently destined for a senior church appointment in the U.S. in the near future.



Brana Radovic

Men & Matters

Dell may decide

It has not exactly been a quiet summer for Guinness Peat, the banking to commodities group, and my moles in St. Mary-at-Hill tell me to expect more news before the end of this month.

The group, which is now selling control of the Lewis and Peat commodity business to a consortium headed by Lord Kissin, is planning to release its accounts a month early to coincide with the finalisation of the £11m commodity sale.

This occasion, in late August rather than late September, could be even more noteworthy if discussions now under way lead Edmund Dell, the Guinness Peat chairman and former Labour trade secretary, to conclude that this is the time for him to depart.

Alastair Morton took over from Dell as chief executive of Guinness Peat last January and Dell remained as non-executive chairman. Once the commodity sale is achieved Dell may decide he has completed all that he set out to do.

Will he or won't he? I am not much good at bookmaking myself but I am told (those moles once more) it is more a question of when than of it.

Staying power

As Britain's Trustee Savings Banks gear themselves up to go public and streamline their organisation, it might have been thought that the 200 or so trustees on the local management boards also might be rationalised. But I hear that there are still going to be plenty of jobs for the boys after the reorganisation.

Sir John Read, chairman of the TSBs, would not be drawn on this sensitive matter yesterday but he did insist that there would be regional boards under the new organisation and, though their role will be slightly different and their responsibilities somewhat less, they will act as the "eyes and ears" of the parent board, and most, if not all, of the chairmen will sit on the top board.

The intention is that the local boards will help ensure that the TSBs retain their regional flavour. Some TSB executives fear that they could hamper the group's efforts to become a fully-fledged commercial bank which can react quickly to market changes.

Aside from the regional chairmen and some executives who are expected to go on to the new top board of the group, there seems to be a good case for introducing some solid City banking talent into the ranks of the directors.

Crown cover

Allan J. Duggin is well on his way to achieve what he always intended to do—run a sucessful public company. And while money comes into it somewhere, he says his real satisfaction lies in working with a well chosen and motivated team.

Yesterday he announced a £12m capital injection into Crown Life Assurance Group, of which he is chief executive and managing director, from the former owner Crown Life Insurance Company of Canada and from Finance for Industry, Philip Hill Investment Trust, and others.

Duggin joined Crown in 1975 as operations director and actuary—"I became an actuary as a means to an end"—and was made MD and chief executive in 1979.

He has no hobbies in the accepted sense of the word, "My family at weekends" being his other great satisfaction. From a scholarship to the Royal Grammar School High Wycombe through training to be an actuary with Equitable Life, at 41 he is on his set and chosen course.

Now there is a five-year expansion plan for Crown, with a drive into medical insurance and a public quote among the projects. Money may not be the main driving force but the executives will be rich men if they cash in their options when the quote comes.

Grass roots

Political fund raising was given a new dimension in South Africa this week at the first congress of the far-right Conservative party.

The delegates, many of them farmers, were told the party needs £20,000 if it is to remain a thorn in the side of Prime Minister P. W. Botha. Some supporters dipped into their pockets, others into their herds and orchards. Contributions included 50 bulls and oxen, 37 sheep, 30 goats, 3,000 cases of tomatoes, 5,000 tonnes of meat and 10,000 bricks.

Oxbridge flutter

The splendidly titled Secretary of the Chest of Oxford University is William Hyde who is responsible for some £60m of trust funds which has been accumulating over the last five centuries or so. His opposite number at Cambridge is Trevor Gardner, more prosaically called The Treasurer, but guardian of an even bigger pile worth around £100m.

The two men met over coffee in the Savoy Hotel yesterday to celebrate their persuading both universities to indulge in a mild flirtation into the provision of venture capital.

A new £9.5m fund to back young high technology business in Britain and Europe has been launched called Advent Eurofund. Monsanto is putting up half the capital. The remainder is being put by Oxford, Cambridge, Imperial College, St Andrew's University, the Nuffield Foundation, Boston University, and some British financial institutions.

Cambridge is in for the best part of £1m — £500,000 from the university funds administered by Gardner, and the rest from the private funds of individual colleges. Oxford is, as ever, more cautious and so far is only committed to £100,000 of university funds.

The text for yesterday when the new fund was unveiled in the presence of John MacGregor, junior minister responsible for small firms development, was the novelty of British universities actually taking a stake in high technology entrepreneurs.

Sir Kenneth Cork, former Lord Mayor of London, and unsurpassed undertaker of failed British businesses, is chairman of Advent Eurofund. He was moved to say of this university investment spree: "They are putting their money where their mouth is."

Incidentally the participation of Cork may be seen by some City elders as an assurance that Advent Eurofund will succeed. Cork himself commented: "It would do my reputation no good at all to have to sit at a meeting of creditors for this fund."

But what has really motivated Oxford and Cambridge to kick over the traces after several centuries and move into the venture capital business? The sad truth, as the two university fund managers admitted, is that their staple 20th Century investments until recently, the "Blue Chip" companies, have not been providing sufficient return upon capital to keep the Don's pay up with inflation.

Parental advice

Overheard at an end-of-term school concert: "What do you mean 'It all depends?' Don't intellectualise with me, my boy."

Observer

PROTECTING THE INVESTOR

Gower's next step in a City minefield

By Barry Riley, Financial Editor

THE RECENT expulsion or suspension of a number of members of the Stock Exchange in two different firms of stockbrokers has emphasised the need for close supervision of the investment markets. Clients of the now defunct firm of Halliday Simpson were being systematically cheated through a variety of irregular dealing practices.

The Stock Exchange has shown once again that although it may sometimes move slowly, it is capable of powerful disciplinary action to keep its house in order.

The moves have come as Professor Jim Gower, adviser on company law to the Department of Trade, moves into the second stage of his review of investor protection.

The first stage was the publication of a discussion document last January (see panel) which has stirred up strong controversy in the City. A four-inch pile of documents in his office at the Department contains the assorted mixture of complaints, praise, special pleading and constructive comment which has been sent in response.

So far he has received 41 submissions from representative bodies. The latest came yesterday, from the National Association of Pension Funds. Some 20 individual companies or firms have also tendered their opinions, and there have been many private letters, as well as verbal submissions at meetings.

Now Prof Gower is about to begin the lengthy process of evaluating the evidence and preparing his final report. This is expected to be accompanied by a draft Securities Act setting out the new framework for the regulation of providers of investment services.

The aim is to have the report ready for the incoming Government to be able to bring in legislation in its first session after the next general election.

The arguments for extending the range and power of self-regulation within the institutions of the financial sector remain clear.

The Stock Exchange stands out as a body with real teeth amid a large number of organisations which are really little more than trade associations.

Not that Prof Gower is uncritical of the Stock Exchange, which has reacted quite sharply in its evidence to some of the detailed comments in his discussion document.

Thus there are a number of unsatisfactory aspects to the Stock Exchange's Compensation Fund, even though it has provided valuable protection for many investors, being called into action over last year's Hedderwick Stirling failure, for example.

The fund is not mentioned in the Stock Exchange's Rule Book, but is described only in a separate brochure. Payments are discretionary, take at least three months to come through, and investors can lose substantial amounts of interest because of the delays.

A conclusion that could be drawn from this is that even where a self-regulatory agency is strong and effective there may still be a need for some kind of overriding supervisory agency in order to assert the public interest.

In fact, a noticeable feature of the flood of Gower submissions has been the scarcity of

This kind of prickly independence could lead to anomalies

responses from bodies representing the investor. Apart from one or two submissions from bodies like the Consumers Association, and a number of miscellaneous complaints from private individuals, Professor Gower is primarily dealing with the more or less self-interested views of commercial organisations.

Inevitably, such bodies feel obliged to rebut criticisms and defend their historical achievements.

An example is the Accepting Houses Committee, a group of 15 elite City merchant banks. They are much more than just banking institutions, dealing in deposits and advances; they are also powerful agencies in the field of portfolio investment.

In the past five years the volume of investments managed on a discretionary basis by the accepting houses has soared from £7.5bn to over £25bn. That does not include another £13.0bn managed on an advisory basis only.

The accepting houses are accustomed to supervision of their banking activities by a statutory body, the Bank of England, but the investment side is another matter. Here the policy is said to be one of "individual self-discipline" and the member banks are claimed to behave as if a Code of Conduct already exists. However, the AHC does not argue that this will always be enough.

It is ready to turn itself into a self-regulatory body for investment management activities.

The AHC would be willing to adopt a formal Rule Book, and such matters as the disclosure of fees and the setting up of qualifications and organisations could be considered.

At the same time, however, the accepting houses have made it very clear that they would not be willing to be lumped in with various other groups in the way that Professor Gower originally proposed. The AHC described this suggestion as "absurd." It stated firmly: "The AHC is prepared to be responsible for the conduct of its own members, but its own members only."

The catch-all agency has been roundly criticised on all sides and Professor Gower now accepts that it is not going to happen: "It is not practical politics."

The eventual Gower framework wil have to cope with this kind of prickly independence, which could lead to many anomalies. For example, the AHC argues that there should be separate self-regulatory bodies for the accepting houses, the clearing banks and "other recognised banks."

But this would put three broadly comparable merchant banks like Henry Ansbacher, County Bank (a NatWest subsidiary) and, say, Baring Brothers (an accepting house) into three different categories. It is hardly going to make sense to the investor.

The Council for the Securities Industry, a co-ordinating body within the City set up with Bank of England encouragement, has attempted in its evidence to make a virtue of this diversity.

It has criticised Prof Gower for aiming merely at tidiness, and has suggested that greater Government supervision would deprive self-regulatory bodies of their principal virtues of flexibility, quickness of response and ability to concentrate on the spirit rather than the letter of any rules.

The weakness of the CSI's argument lies in the obvious lack of eagerness of many financial organisations to develop proper self-regulatory powers without official prompting.

Moreover, two of the CSI's constituent bodies have come to rather different conclusions. The Unit Trust Association has pointed out that its members have operated successfully under quite tight statutory control by the Department of Trade for more than 50 years.

The National Association of Security Dealers and Investment Managers believes that the proposals in the discussion document "would greatly increase the protection afforded to all classes of investor." At the same time, as a relatively young organisation, it doubts whether it can accept all the responsibilities of a proper self-regulatory body.

Maybe it will have to buck its ideas up, because it seems likely that Prof Gower's final proposals will lay down some quite rigorous conditions. If there are to be many more self-regulatory agencies than the four he originally proposed, then each will have to prove its ability to do the job.

Few financial institutions are going to accept tighter regulation with enthusiasm, however. Some are concerned about the international implications of a new system of investor protection.

As the City Capital Markets Committee has put it: "We believe it is of fundamental importance not to burden the City of London with a regulatory system which is so onerous that legitimate business is driven away overseas."

But it is also likely that the final Gower report will show concern about the need to control the flow of offshore financial services into the UK. For example, trusts and life insurance policies originating in various offshore locations are widely advertised and marketed in the UK at present.

It would not be logical for future investor protection legislation to leave a gaping loophole so that overseas operators could evade the regulation which was compulsory for institutions based in Britain.

There remains the question of how the Government should exercise the enhanced supervisory powers which would be fundamental to the new system. Originally, Prof Gower came down against the idea of a separately constituted Securities Commission, partly because he feared opposition from the City and politicians. He proposed that supervision should be by the Department of Trade.

However, the balance of the argument has shifted. For example, in some quarters of the City there is a feeling that a suitably independent Securities Commission—on the lines, say, of the Monopolies Commission—might be less of a potential political threat.

Prof Gower has reserved the right to reconsider his position: "I have found no monolithic opposition to a Securities Commission, even in the City," he comments.

On the political front the Liberal Party, as well as the Labour Party, is now firmly in favour of a commission. And the shifts in the structure of the financial community also point in this direction. For, if there is greater diversification of function of financial institutions—with banks and stockbrokers getting together, for instance—it might be unreasonable to expect self-regulatory bodies to sort out the conflicts of interest.

THE DISCUSSION document on investor protection published in January by Prof Jim Gower (above) proposed a new Securities Act creating a network of self-regulatory bodies with statutory powers, reporting to the Department of Trade.

It would be an offence to manage, market or advise in securities unless registered as a member of an appropriate self-regulatory agency recognised by the Department of Trade.

There would need to be a minimum of four such agencies, covering:

- **Public issues and takeovers. The role of the Takeover Panel would be widened to include vetting of all new issues and prospectuses.**
- **The Stock Exchange, which would control only the broking and jobbing activities of member firms.**
- **An agency for all "over the counter" markets, dealings off the Stock Exchange, and investment management and advice.**
- **A unit trust agency.**

Lombard

Britain's crisis in manufacturing

By John Elliott

BRITISH INDUSTRY needs some urgent encouragement from the Government. Mrs Thatcher may have been proud, even thrilled, by the way the country responded to the challenge of the Falklands crisis but she is wrong if she believes British industry will continue indefinitely to respond to the crisis of recession.

The Confederation of British Industry is, to a substantial degree, to blame for allowing the present situation to develop. Its leaders have been too willing to follow the line dictated by Mrs Thatcher and by some Tory industrialists ever since Sir Terence Beckett, director general, made his famous "bare knuckles" speech criticising the Government 20 months ago.

Industry is now running the risk of being cut back so far and to such a small scale that businesses will not have sufficient internal strength and volume production to justify fresh investment and become competitive. Instead of being leaner and fitter, they may well become smaller and poorer.

When the recession started in earnest in early 1980, industrialists screamed with outrage at what was happening. Then, behind the clamour, it became clear that managers were seeing the advantage of the Government's policies.

Trade unions retired into sullen inertia and workers became frightened about the prospect of unemployment. Companies started to push through major organisational changes and for a year or so did the things they ought to have done years before. Managers managed, albeit sometimes roughly.

But the mood started to change a year ago when the false dawns appeared. Enough remained to be done in industry to keep enthusiasm going till early this summer. By that time managers were realising that the upturn could be a long way off, and, although deeply worried by the prospect, were digging in for a few more months.

The trouble now is that, with the prospect of no recovery before next spring and with the risk of a further downturn, many will now consider cutting back into what they regard as their essential industrial base, so permanently damaging themselves for the future.

It is quite possible to visit town after town visiting companies which enthusiastically claim they are leaner and fitter. Some have swelling order books because they have hit on winning product lines while others have enough cash to cushion problems for a little longer. But then one senses growing unease. It has all gone on too long and life is not really so rosy. More streamlining is about to be demanded by group headquarters. Research and development, apprentice training and capital investment are on chairmen's check lists for their next meetings with subsidiaries. Such is the mood today in many companies which do not have the luxury of operating in the better off areas of electronics, defence and consumer industries — and even there many companies are contemplating cutbacks.

One also hears of managing directors and other executives becoming dispirited by the lack of an upturn and of workers and trade unionists being put through continuing pressures that one day may turn relationships sour. That is not the basis for recovery.

It may be invigorating for Mr Patrick Jenkin, as a Conservative Industry Secretary, to concentrate on politically rewarding projects like privatising British Telecom. Mr Kenneth Baker, an Industry Minister of State, can wax lyrical about reskilling Britain. And Sir Geoffrey Howe, the Chancellor of the Exchequer enjoys indulging his fancy for enterprise zones.

But at least some of their time would be better spent concentrating on the need to revive what is left of traditional manufacturing; electronics and enterprise zones will not fill the gaps left by the recession.

Much has been achieved in British industry in the last year or so. There is a mood to respond to an economic upturn which could be caught this autumn. But if the Government stands firm on its present policies and does nothing to give industry new hope, it runs the risk of ruining much of the good that its uncomfortable policies have done to industry so far.

Letters to the Editor

Protectionism and the EEC's external trade

From Mr M. Lam

Sir, — Professor Hager's article (July 28) is dangerous. Even in the boliday period it might get loto the wrong hands.

His thesis—that competition with Europe from outside is unbeatable without a rednction in our living standards—is, in certain fields, genuine enough. For this very reason his conclusion — that painless adjustment is impossible, and that EEC exteroal trade needs to be "managed" if internal trade is to remain free—may be seized on only too readily as the theoretical justification for a change of course.

It is useful, therefore, to pose what are logically prior questions: what can this doctrine do for us if it is applied, and what can it not do? It is easiest to answer the second question first. "Managed" trade, or protection in whatever form, cannot increase or sustain aggregate welfare within the EEC. What it can do is to redistribute income within the EEC; it can safeguard vulnerable jobs and thus transfer purchasing power from those in safe jobs to those whose work is at risk, and who might otherwise have to accept lower real wages or rely on social payments.

There is something to he said for this option. Protection is a more agreeable form of support than hand-outs, not only for the beneficiaries but also, miraculously, for those who pay the bill, most of whom will not even notice what is happening, unless it is brought to their notice by ill-natured commentators.

Suffice to note here, however, that once this process starts and becomes sanctified it will not be easily reversible. As with agricultural support it will become a vested right of those who would otherwise be exposed to competition. Perhaps this is all well and good at a time when the more efficient use of labour, and, at the limit, its displacement, threaten to destabilise our society. Citizens may well query the point of the more efficient use of any of the factors when saving on one of them — labour — brings only more strain. They might also question the logic of fostering competition within the Community—unless by way of a game — if the EEC officially restricted competition from outside.

On the other hand some will see from the example of Eastern Europe that in a closed economic system competition takes place only in a Pickwickian sense. In return they do have full employment, of a sort, but in order to keep the system coherent their society tends to be as closed as their economies.

In the real world (is that where we still live?) it is more likely that protection based on Professor Hager's thesis will be applied surreptitiously, and on a case-by-case basis. But the consequences and limitations of such a strategy should be weighed by policy makers and, one hopes, by EEC electorates, before the "management" of external trade is generalised from a small number of exceptional sectors where adjustment is painful to a sad doctrine that freedom of external trade is an irrelevancy.

Martin Lam.
22 The Avenue,
Wembley, Middlesex.

Co-operatives doing well

From Mr J. Ruddock

Sir, — John Cherrington's article of July 30 is far too harsh on an industry sector which is surviving remarkably well as the recession deepens. Just hecause one large co-op is in difficulties be dams the whole co-operative movement. Mr Cherrington sbould know, and he does knew, that North Devon Meat is only one of the majority of slaughterers in the red meat industry—co-op and otherwise—who are in difficulties at the present time.

Requisite co-operatives are bolding their own extremely well and those with major setbacks 18 months ago are pulling through.

Turnover for marketing co-operatives has increased from £407m in 1976 to over £1bn in 1980—surely this is far from "very sligbtly growing" according to Mr Cherrington. Finally, he praises the MMB as the only co-op he would join but on the aame page that Board is seeking a casb injection of £25m in an unprecedented move.

James G. Rnddock,
Ruddock, Turner and Co.,
Richmond House,
48 Bromyard Road, Worcester.
Worcester.

NZ has the can-do spirit

From Mr R. Priest

Sir, — I'm compelled to comment on your correspondent Mr Stewart Dalby's survey (July 27) of New Zealand. Many of his observations are accurate. I can't measure how "confused" and "divided" we are, but certainly Prime Minister Muldoon has substituted vindictive confrontationism for inspired leadership, our down-on-the-farm orientation is preventing the effective marketing of our agricultural exports, and the Sprinkbok tour definitely damaged race relations.

But like many Fleet Street journalists, he forgets New Zealand is a "New World" country. The "can-do" spirit prevails. As our innovative history of social legislation reveals, we are a nation of pioneers and experimenters. Unlike Europeans, we are comparatively unfettered by ancient traditions and outdated institutions. Combine this with the population's solid education level, and one can understand our optimism about our future.

I'm not wanting to discredit Mr Dalby. After all, insignificant New Zealand needs all the publicity it can get. But to transpose a sense of Old World weariness on to a "New World"-Zealand only confirms why Britons still migrate 12,000 miles to live here. And we welcome them!

Richard Priest.
64, Cole Street, Masterton,
New Zealand.

Guarantees for overseas orders

From Mr L. C. W. Sawdy

Sir,—A recurrent problem facing all small companies trying to sell in the developing countries arises from the need to give performance bonds and bank guarantees. Since the banks regard these as absolute liabilities, they require from a small company an asset backing or collateral that it frequently doesn't have.

In this company for example, we were unable to quote for a £250,000 contract in India he-cause, although the Indians were prepared to pay a £70,000 deposit which would have enabled us to finance the contract, they quite understandably wanted a guarantee against non-delivery for the same amount, which our bankers were unwilling to give unless they could hold on to the deposit.

Again, developing countries want performance bonds to ensure machinery is properly installed in accordance with the contract terms, and we certainly lose overseas orders because we cannot give such guarantees.

Surely this is a gap which the Government could fill by backing the guarantees given by banks to small companies. I believe this is done in Germany and Italy. Risks involved would be negligible in relation to the prospects of developing business.

L. C. W. Sawdy,
Director Pilgrim Packaging.
45, Dereham Road, Norfolk.

Time and money badly spent

From the Managing Director, Colston Domestic Appliances

Sir, — Much cost and effort continues to be expended on behalf of the minority of investors in "companies," most of whom are quite able to judge for themselves the valne of historical accounts as against those prepared under SSAP 16.

Nothing is done to bring to the attention of the majority of less sophisticated investors that their savings in Post Office, building societies, banks, etc, are earnings rates of interest which in many cases, even before taxation, do not compensate them for inflation.

SSAP 16 is time and money spent in the wrong cause.

A. R. Laken,
Colston Domestic Appliances.
Colston House, London Road,
High Wycombe, Bucks.

Retrospective insurance

From Mr P. Spall

Sir,—Black lung, asbestosis and industrial deafness are all diseases which may take years to manifest themselves as was quite rightly pointed out in the Lex column on July 27. It is, however, still possible to buy insurance cover for claims arising on policies written two decades and more ago, where evidence of insurance cannot be produced.

Retrospective employers liability insurance cover is available in the market to protect employers in many industries who bave to be able to produce evidence of their employers liability cover as far back as say 1930 to be certain of not being involved in paying part of the claims themselves. The insurance can be so arranged as to cover the proportion of liabilities either prior to a specific date or during a specific period and these dates correspond with periods during whicb the insured cannot identify his insurers. Receivers and liquidators also find this type of cover of great value in protecting assets and assisting winding up procedures.

P. D. Spall,
Capacity Resources.
5 Bridle Close,
Surbiton Road,
Kingston-upon-Thames,
Surrey.

UK COMPANY NEWS

Hallite pushes towards £1m

SECOND-HALF pre-tax profits at Hallite rose from £365,000 to £547,000, and figures for the 52 weeks to May 1, 1982 increased by 57 per cent from £608,000 to £955,000. But for a change in accounting policy, group profit before tax would have exceeded £1m, says Mr J. Gordon, the chairman. The final dividend is raised from 5.25p to 7p for an improved total of 11p net against 7.75p.

Turnover of this manufacturer of synthetic rubber and plastic precision seals, rose from £8.19m to £9.26m.

Despite the depressing economic background, particularly in engineering, the group has continued to invest in new and up-to-date technology.

Operating profit for the 52 weeks increased from £585,929 to £921,411, and share of profit of associates rose from £21,924 to £34,015. Tax took £164,978 (£19,767) and after minorities of £8,403 (£5,461) and extraordinary debits of £101,362 (£10,070), attributable profits improved from £572,555 to £680,683.

Earnings per 50p share rose from 24.9p to 32.5p.

The change of accounting policy referred to above, relates to unrealised exchange rate differences on foreign currencies, and gains in 1981-82 amounting to £56,000 have been taken directly to reserves instead of being included in the operating profit before tax. Prior years' figures have accordingly been adjusted.

● comment

After Hallite successfully fended off General Tire's 200p a share bid loyal shareholders have had to watch the price this year slip from 219p to a low of 184p ahead of the results. But the disbelievers of the defence bid forecast and those attempting to tar Hallite with the "bad news" engineering brush have been well and truly trounced by yesterday's pre-tax profit £105,000 above the minimum predicted. Prices jumped 17p to 201p putting the historic p/e over 10 and the yield to 8.1 per cent. Allowing for the accounting change the group is back around the profits peak of four years ago and expressing a confidence that it is back on course. No major surgery costs are expected in the current year and the strong balance-sheet, where gearing is down from 18 per cent to less than 12 per cent, gives it a free hand for further acquisitions, at home and abroad. These will be aimed at broadening product range and the technological base. However the traditional business is now in better shape after the cutbacks and will continue to play an important part in the future. Though the overseas side is growing it is, so far, a small contributor to group profit.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
J. Bibby ....int	1.85	Oct 4	1.6*	—	5.67
Drayton Japan Trust int	2	Aug 27	2	—	7.35
English & NY Trust int	1.75	Oct 1	1.75	—	4.15
Hallite	7	Oct 1	5.25	11	7.75
Lond Lomond Inv T. int	1.7	Oct 4	1.6	—	4
Regalian Properties	1	—	nil	1	nil
Rights and Issues ...int	†	Oct 8	1	—	3.8
R. Smallshaw ....int	0.5	Oct 1	0.5	—	1.75
TR City London 4th int	1.2	Aug 31	1.1	4.5	4.4

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM Stock.

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$350	1	7.50	—	—	—	—	$346
GOLD C	$425	5	0.10	—	—	—	—	"
GOLD P	$325	—	—	—	—	4	14	"
GOLD P	$350	2	10.10	2	20	—	—	"
GOLD P	$375	1	29	—	—	—	—	"
12¾ NL 81 87-91								
C	F.107.50	20	6.30	—	—	—	2.50	F.118.80
C	F.110	285	2.80	—	—	—	—	"
C	F.112.50	5	0.60	—	—	—	—	"
C	F.115	—	—	2	1.10	—	—	"
P	F.110	—	—	—	—	10	1.30	"
10¾ NL 80 86-95								
C	F.100	5	2	—	—	—	—	F.102
11¼ NL 82 88-92								
C	F.102.50	425	1.40	—	—	—	—	F.105.60
C	F.105	—	—	—	—	400	1.90	"
10 NL 82 86-89								
P	F.100	10	0.90	—	—	—	—	F.99.30
		Oct.		Jan.		April		
ABN P	F.260	22	6	—	—	—	—	F.272.50
ABN P	F.280	2	19 A	—	—	—	—	"
AKZO C	F.22.50	2	3.10 B	—	—	—	—	F.25.60
AKZO C	F.25	116	1.60	15	2.20	23	2.80	"
AKZO C	F.27.50	22	0.80	95	1.40	14	1.50	"
AKZO P	F.25	55	0.70	—	—	—	—	"
AMRO C	F.45	1	1	—	—	—	—	F.43.50
AMRO P	F.40	—	—	10	1.50	—	—	"
AMRO P	F.46	64	3.80	10	4.10	—	—	"
HEIN C	F.55	22	9	—	—	—	—	F.63.70
HEIN C	F.60	30	4	13	5.40	2	5.70 B	"
HEIN C	F.65	22	2	2	2.80	—	—	"
HEIN P	F.55	—	—	11	0.70	—	—	"
HEIN P	F.60	4	1	2	1.50	1	2.50	"
HEIN P	F.65	5	2.70	—	—	—	—	"
KLM C	F.80	—	—	2	8.80	—	—	F.82.70
KLM C	F.90	35	2	5	3.50	—	—	"
KLM C	F.110	2	0.20	—	—	—	—	"
KLM P	F.80	63	3.50	5	4.50	—	—	"
KLM P	F.90	2	8.80	—	—	—	—	"
KLM P	F.100	10	17.50 B	—	—	—	—	"
NEDL C	F.110	11	5.90	4	5.50	—	—	F.108
NEDL C	F.120	5	1	1	2.30	2	3.20	"
NEDL C	F.150	1	0.40	—	—	—	—	"
NEDL P	F.100	37	1.60	—	—	7	2.80	"
NEDL P	F.110	1	4.90	—	—	—	—	"
PETR C	Fr.4500	2	240	—	—	—	—	Fr.4440
PHIL C	F22.50	—	—	103	2.50	7	2.90	F.24
PHIL C	F.25	26	0.70	32	1.20	12	1.40	"
PHIL P	F.22.50	—	—	—	—	10	0.80	"
PHIL P	F.25	10	1.10	—	—	—	—	"
RD C	F.80	22	5.30	—	—	—	—	F.83
RD C	F.90	72	1	12	2.20	25	3.40	"
RD C	F.100	5	0.30	102	0.80	—	—	"
RD P	F.80	152	2.20	25	3	—	—	"
RD P	F.90	8	9	16	9	—	—	"
UNIL C	F.150	11	5.70	—	—	—	—	F.151
UNIL C	F.160	3	1.30	—	—	—	—	"
UNIL P	F.150	2	5.10	—	—	—	—	"
		Aug.		Nov.		Feb.		
BOEI C	$15	2	1⅝	—	—	—	—	—

TOTAL VOLUME IN CONTRACTS 2653

A=Asked B=Bid C=Call P=Put

Crown Life Assurance completes cash plan

By Eric Short

THE Crown Life Assurance Group has completed the raising of £12m to finance its ambitious development plans for the next five years. It was one of the largest capital-raising ventures by an unquoted insurance group.

The group's parent company, Canadian-based Crown Life Insurance Company, put up £5m of the capital, with the remaining £7m coming from a number of leading UK financial institutions, including Finance for Industry, Philip Hill Investment Trust and clients of Drayton Montagu Portfolio Management, CMFWYPL.

Following these moves, 72 per cent of the equity of Crown Life Assurance Group will be held by the Canadian parent, with the remaining 28 per cent by these various financial institutions. In due course, Crown intends to seek a quotation for its shares on the Stock Exchange—this move being part of the agreement with the minority shareholders when raising the capital. But the Canadian parent intends to remain as the majority shareholder.

Mr Allan Duggin, managing director and chief executive of Crown Life Assurance, said that the company was now fully capitalised to become a major financial services group within the UK and the EEC.

Part of the capital raised would be needed to meet the new more stringent European solvency margins which would come into force in the UK in 1984. But the primary use of the capital would be to expand and develop the operations of the group.

Mr Duggin also explained the proposed restructuring of the group and its plans for the next five years. The intention was to expand its life assurance and pensions business both through the intermediary market and the direct sales force.

A unit trust operation was being launched in the autumn.

The plan envisaged that premium income, which had grown from £7m in 1978 to £73m in 1981, would reach £300m by 1986.

See Lex

Eurotherm issue to raise £7.35m

Eurotherm International, the electronic equipment manufacturer, is raising about £7.35m net by a one-for-six rights issue at £4.

The Worthing-based company will apply £2m of the money towards its borrowings. The balance will be used to fund joint ventures and subsidiaries which will develop Eurotherm's product line and provide for wider distribution of its current range of electronic equipment.

The company also plans to build a new factory for its Chessell division, which manufactures strip chart recorders.

The directors forecast that the profit before taxation and minority interests for the year to October 31, before taking account of the rights money, will be about £4.5m.

The board intends to recommend a final dividend for the year of 4.5p, which will be paid on new and old shares. This will make a total pay-out for the year of 6.5p.

The rights issue is conditional on a resolution being passed at an EGM on August 23. Circulars will be sent to shareholders today and it is anticipated that dealings in the new shares will begin on August 24.

Dr T. L. Leonard, chairman and joint managing director of Eurotherm, said "We want to be able to expand into new areas of activities as the opportunities arise."

Eurotherm is planning to become involved in shop-floor computer automation and the growing data recording market.

Dr Leonard said Eurotherm should start at least three joint ventures in the next 12 months, and set up distribution subsidiaries in the U.S., Germany and France.

The rights issue has been underwritten by Robert Fleming; brokers to the issue are Henderson Crosthwaite.

● comment

Eurotherm's cash call has a ring of opportunism to it. The shares, at 233p in January, had soared to 470p before yesterday's announcement and lost only 15p on the day. Nonetheless, it appears that Eurotherm is opportunistic for the right reasons. The company is on a growth curve that demands both a modest gearing level and ready capital for new ventures. Eurotherm already has a well integrated product range and its plans for the future are based on widening both this range and its distribution. Should present plans succeed, a turnover of £100m within the next five years does not seem unreasonable. The challenge for Eurotherm, as with other UK electronic groups, is to find an aggressive marketing strategy which can rival hot competition from the U.S. and Japan. Eurotherm is well aware of this requirement and seems better equipped than most to meet it. The prospective rating at the ex-rights price of 447p, fully diluted, is not overly expensive at 25. The prospective yield is 2 per cent.

J. Bibby 13% improvement to £5.6m after first six months

REFLECTING THE advantages of operating a number of diverse activities, taxable profits of J. Bibby & Sons advanced to £5.56m for the 26 weeks to July 3, an improvement of 13 per cent over the £4.92m returned for the corresponding period a year earlier.

Mr Leslie Young, the chairman, comments that although many of the markets in which the group operates show little signs of improvement, he remains confident that, given no unforeseen circumstances, a "further profits progression will be achieved for the year as a whole."

With stated earnings per 50p share rising from an adjusted 8.87p to 9.97p the net interim dividend is being effectively increased by 15.6 per cent to 1.85p (1.6p) after allowing for the one-for-two scrip issue—a total equal to 5.666p was paid for 1981/82 from pre-tax profits of £12.18m.

First half sales of this industrial and agricultural group rose by 25 per cent in the current year to £118.7m and at the trading level profits came through at £5.41m, compared with £4.92m.

The pre-tax figures were struck after taking account of higher interest charges of £515,000 (£83,000) and depreciation of £1.96m (£1.53m). Included this time was a share of profits of associates amounting to £157,000.

Tax paid rose from £1.48m to £1.67m leaving the net balance £448,000 ahead at £3.9m.

After minorities of £15,000 (nil) and lower extraordinary credits of £53,000 (£75,000) attributable profits emerged at £3.93m, against £3.52m previously.

Mr Young, who describes the results as "satisfactory," says they again demonstrate the advantages of the group's diverse activities in markets most of which have shown no firm evidence of sustained recovery and have remained highly competitive.

He points out that the main source of increased profit was a much-improved performance by the agricultural group — sales here rose to £71.19m (£59.63m) with the trading surplus £907,000 higher at £3.1m.

The industrial group improved only marginally. Although sales expanded to £47.53m (£35.18m) the trading surplus edged ahead by just £8,000 to £2.82m. The results of this division included higher profits from the hospital and laboratory supplies and paper and converted products sectors, and also took in a first full half-year contribution from Furmanite International. The figures were, however, offset by lower profits by the edible oils division.

Despite increased competition, the hospital and laboratory supplies division retained its market share and increased its overseas sales. Further investment also helped to improve manufacturing efficiencies, the chairman explains.

The paper and converted products division also increased its market share against severe competition, but margins continued to be under strong pressure.

Excess capacity in the seed crushing and vegetable oil refining industry adversely affected margins in the edible oils division which, as a consequence, resulted in significantly reduced profit.

The industrial services division, including associated companies, made a useful contribution to profit before tax.

The feeds and seeds division, part of the agricultural group, achieved a substantial increase in trading profits and further improved its share of the feed market. The farm products division also showed a satisfactory improvement.

CCA pre-tax profits totalled £3.85m (£3.33m).

See Lex

Regalian pays first dividend since 1974

SECOND-HALF taxable profits of Regalian Properties were little changed at £196,900, compared with £196,386 last time. But with full year figures, to end March 1982, showing an increase from £299,992 to £326,786, the company is recommending a final dividend for the period of 1p net per share—the last payment made was in 1974.

Turnover for the year was sharply higher at £3.45m, against £0.9m.

Regalian also announces that since the end of March, it has contracted to dispose of its shares in its three charged subsidiaries to First National Finance Corporation (FNFC). First National Developments, a subsidiary of FNFC, is purchasing Regalian Securities and also Regalian Investments and Yarm Investments.

In 1972, Regalian Securities contracted to buy various blocks of flats from various subsidiaries of FNFC, completion being delayed until July 31, 1980, while the performance of the contract was guaranteed by Regalian.

However, four years later this agreement was revised, whereby Regalian was relieved of its responsibility to FNFC for the liabilities of its subsidiary. The final date for completion of the deal was July 31, 1982 but completion has not taken place as FNFC has considered it more appropriate to acquire the share capital of Regalian Securities, and also two fellow subsidiaries, which had guaranteed its obligation.

The consideration to be paid by First National Developments to Regalian is purely nominal, as the liabilities to the FNFC group of the companies acquired, exceed their assets. The group accounts of FNFC have previously included full provision for the anticipated inability of Regalian Securities to complete the purchase contract.

Accordingly, FNFC says that neither the non-completion nor the purchase of the companies will cause any immediate impact on the results or the value of the assets of the FNFC group.

INVESTMENT TRUSTS

Drayton Premier slips to £2.79m

Pre-tax revenue at Drayton Premier Investment Trust in the six months to June 30 1982 slipped from £2.97m to £2.79m, on gross income reduced from £3.26m to £3.1m.

The net interim dividend is maintained at 3p per 25p share. Last year a total of 10.71p was paid from pre-tax revenue of £5.91m.

Tax for the half year took £1.1m (£1.22m), management expenses came to £224,000 (£205,300), and interest was £89,400 (£89,200).

Net asset value per share is stated at 282.75p (304.75p), calculated on the increased ordinary share capital which would exist if the outstanding convertible loan stocks were converted at the next opportunity. Debenture and preference stocks have been deducted at their nominal values.

Drayton Japan

Pre-tax revenue of Drayton Japan Trust in the six months to June 30 1982 was little changed at £1.83m, against £1.82m, on gross income marginally from £1.98m to £2.02m. The net interim dividend per 25p share is maintained at 2p, and the board also intends to pay a final of 3.5p, against last year's 3.35p. However, a special interim of 3p was paid on May 19 1982.

London & Lomond

AVAILABLE revenue at London and Lomond Investment Trust moved ahead from £353,705 to £375,974 in the half-year ended June 30 1982. Pre-tax revenue was £567,854 against £543,736.

The interim dividend is to be increased from 1.6p to 1.7p net. Earnings per 25p stock unit are stated at 2p (1.9p).

Total assets, less liabilities, at market value, fell by 1.6 per cent to £27.17m (£27.63m), giving a net asset value per ordinary stock unit of 138p (140p) after deducting prior charges at par.

English & NY Tst

NET EARNINGS of the English & New York Trust for the six months to June 30 1982 rose from £106,000 to £940,000. Net earnings for 1981 were £1.72m.

The board has declared a maintained interim dividend of 1.75p, with stated earnings per 25p stock unit at 2.35p (2.06p). Dividend for 1981 was 4.15p.

Net asset value per stock unit was 136.1p (131.7p at December 31 1981) and 128p (131.5p), fully diluted.

The board says its policy is to increase the overseas content of the portfolio steadily until the trust is predominantly committed to foreign markets. Increased overseas exposure is likely to restrict the growth of income, but the board is prepared to use revenue reserves to maintain the present level of distribution.

Midway rise to £315,000 at Aquis Secs.

Pre-tax profits at Aquis Securities in the six months to June 30 1982 were ahead from £226,000 to £315,000, on total income up from £939,000 to £1.6m. The net interim dividend per 5p share is raised from 0.3p to 0.4p. Last year a total of 1.2p per share was paid out, including a special payment of 0.2p, from pre-tax profits of £743,000.

Tax for the half year took £176,000 (£113,000), minorities amounted to £10,000 (£8,000), and extraordinary credits of £9,000 (nil) were transferred to the capital reserve. Earnings per share are stated at a basic 0.52p (0.42p) and fully diluted at 0.47p (0.4p).

The directors of Aquis — a property investor—say that the disposal of the Clarendon Hotel, concluded on July 16, will greatly help future growth.

The effect of the disposal is to increase net attributable assets from £10.87m to £11.62m.

Stead & Simpson sees current year increase

Mr Harry Gee, the chairman of footwear retailer and motor trader Stead & Simpson, told members at the annual meeting that the board was of the opinion that group profits for the first half of the current year would show an increase over those of the corresponding period of last year.

He said that after 12 weeks turnover of the footwear division was 20 per cent ahead and that for the motor trading sector 25 per cent. However, he added that sales in the past six weeks had been slower.

Yearlings total £19m

Yearling bonds totalling £19m at 11¾ per cent redeemable on August 10 1983 have been issued this week by the following local authorities.

Derby City Council £1m; Manchester (City of) £1.5m; Alnwick DC £0.5m; Rhondda BC £1m; Windsor and Maidenhead (Royal Borough of) £0.5m; Merthyr Tydfil BC £0.5m; Breckland DC £0.5m; Castlepoint DC £0.5m; Scunthorpe (Borough of) £0.25m; Strathkelvin DC £1m; Glasgow (The City of) DC £2m; Bexley (London Borough of) £1m; Camden (London Borough of) £1m; Kingston upon Hull (City of) £1m; Leeds (City of) £3m; Tendring DC £0.5m; Eastbourne BC £0.25m; Newcastle upon Tyne (City of) £0.5m; Preston BC £1m; Stafford BC £0.5m; Sunderland (Borough of) £1m.

Wrekin (The District of The) and East Hertfordshire DC have issued £0.5m each of 12 per cent bonds for redemption on August 1 1984.

TR City of London Trust at £2.35m

As forecast last March the dividend for the year to June 30 1982 at TR City of London Trust has been lifted from 4.4p to 4.5p. The fourth interim was 1.2p against 1.1p previously.

The directors say they expect to pay a total dividend of not less than 5p for the year to June 30 1983 by way of quarterly dividends increased from 1.1p to 1.25p.

After-tax revenue for the 12 months rose from £2.28m to £2.35m and earnings per share were given higher at 4.61p compared with 4.47p. Tax took £1.18m (£1.04m).

Net asset value after deducting prior charges at effective redemption values was 107.3p (108.3p).

Total revenue moved ahead from £3.56m to £3.82m. Management expenses rose from £212,100 to £245,820 and there were non-recurring expenses this time of £49,035.

RESULTS AND ACCOUNTS IN BRIEF

PITMAN (publisher, printer, proprietor of colleges)—Results for year to March 31 1982: pre-tax loss £206,000 (£936,000); turnover £31.24m (£29.11m); trading profit £1.56m (£793,000); no ordinary dividend. Interest charged £1.77m (£1.73m); tax £273,000 (£183,000); minorities £10,000 (£8,000); extraordinary debits £857,000 (£731,000).

NICKING PENTECOST (textile maker and commission dyer)—Results for year to March 31 1982 reported on June 24. Stockholders' funds £5.22m (£5.31m); fixed assets £3.71m (£3.79m); bank overdraft £1.12m (£968,000); net current assets £1.71m (£1.75m): Meeting: Nottingham, September 9, at noon.

RIGHTS AND ISSUES INVESTMENT TRUST—Results for six months to June 30, 1982. Investment and other income £113,486 (£95,083); interest and management expenses £20,443 (£17,696): pre-tax net revenue £93,043 (£77,387); tax £36,834 (£29,123): net interim dividend per 25p income share 1p (same). Net asset value including accrued income per 25p capital share 90.67p (88.99p); net asset value per income share 43.93p (44.41p). The sum accruing by way of dividend to capital shareholders will, in view of the small sum involved, be included in the dividend payable to them after the end of the financial year.

R SMALLSHAW)—Pre-tax profits for six months to March 31, 1982, £102,000 (£110,000); turnover £3.07m (£2.72m); tax £53,040 (£57,200) leaving £48,960 (£52,800). Interim dividend unchanged at 0.5p—last year's total was 1.75p from pre-tax profits of £153,154. Mr R. F. Smallshaw, chairman, says there is little improvement in prospects until the Autumn, and profits for the 15 months ending December 31, the company's new financial year-end, are unlikely to show any significant increase over the figure for the year to September 30, 1981, scaled up by three months.

PHILLIPS PATENTS (HOLDINGS) (footwear, sports goods)—Results for year ended February 28 1982 reported July 1. Fixed assets £1.28m (£1.27m). Shareholders' funds £2.05m (£1.96m). Net current assets £766,840 (£682,650). Meeting, Manchester, August 26, noon.

ARIEL INDUSTRIES (maker of industrial fasteners and light engineering products)—Results for year to March 31 1982 reported on June 14. Shareholders funds £7.87m (£7.95m); fixed assets £6.35m (£6.15m); net current assets £1.28m (£1.61m); decrease in bank and cash balances £805,705 (£1m,463). Historical pre-tax profits of £27,315 (£137,340) improved to £185,962 (£95,895) on a CCA basis. Meeting: Leicester, August 20, at noon.

R. KELVIN WATSON (optician)—Results for year to March 31 1982 reported July 7. Shareholders' funds £2.48m (£2.36m); fixed assets £1.37m (£1.2m); net current assets £123,560 (£276,015) including bank overdrafts £503,844 (£570,084); increase in working capital £47,780 (£157,020 decrease). Meeting: Stockport, September 3, noon.

S AND U STORES (consumer credit)—Results for year to January 31 1982 reported June 24. Shareholders funds £4.67m (£4.13m); fixed assets £3.32m (£3.3m); net current assets £1.82m (£1.41m) including overdrafts £2.23m (£1.98m); outflow of cash during year £246,000 (£310,000 inflow). Chairman anticipates improvement in current year. Meeting: Birmingham, September 6, 3 pm.

THORN EMI — Results for year to March 31 1982 reported July 15 in full preliminary statement. Group shareholders' funds £608m (£576.5m). Loans £117.8m (£103.9m). Fixed assets £360.8m (£334.3m), current assets £938m (£911m), total assets £1.73bn (£1.58bn). Current liabilities and provisions £871.7m (£750.7m). Chairman says the company remains strong and the board looks forward to the opportunity for that strength to be confirmed in a recovering economy. When recovery comes, he remains convinced that company will be successful. Meeting, Winchester House, EC, September 10, noon.

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1981-82 High	1981-82 Low	Company	Price	Change	Gross div. (p)	Yield %	P/E Actual	P/E Fully taxed
125	120	Ass. Brit. Ind. Ord. ...	125	—	6.4	5.1	11.4	14.0
135	100	Ass. Brit. Ind. CULS...	135	—	10.0	7.4	—	—
75	62	Airsprung Group	70	−1	6.1	8.7	8.0	13.7
51	33	Armitage & Rhodes......	43	—	4.3	10.0	3.6	8.1
228	187	Bardon Hill	228	—	11.4	5.0	9.6	12.1
112	100	CCL 11pc Conv. Pref...	112	—	15.7	14.0	—	—
265	240	Cindico Group	265	—	26.4	10.0	10.7	12.0
104	60	Deborah Services	68	—	6.0	8.8	3.5	6.8
135	97	Frank Horsell	135	—	7.9	5.9	5.7	6.1
83	39	Frederick Parker	71	—	6.4	9.0	3.6	6.9
78	46	George Blair	53	—	—	—	—	—
102	93	Ind. Precision Castings	98	—	7.3	7.4	7.1	10.7
113	100	Isis Conv. Pref.	113	—	15.7	13.9	—	—
113	94	Jackson Group	110	—	7.5	6.8	3.9	7.0
130	108	James Burrough	130	—	9.6	7.4	9.5	10.5
334	208	Robert Jenkins	208	−2	20.0	9.6	2.3	33.0
82	51	Scruttons "A"	82	—	5.7	7.0	10.6	12.8
222	151	Torday & Carlisle	161	−1	11.4	7.5	6.8	11.6
44	22	Unilock Holdings	22	—	0.46	2.1	—	—
103	75	Walter Alexander	84	—	6.4	7.6	5.5	9.8
263	212	W. S. Yeates	250	—	14.5	5.8	6.5	13.1

Prices now available on Prestel page 48146.

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UK COMPANY NEWS

BIDS AND DEALS

Tarmac agreed offer for Brady

Tarmac, the construction and property development group, yesterday announced agreement has been reached on an offer for industrial door-maker Brady Industries valuing the company at £3.6m.

Directors and family owning 279,21 ordinary Brady shares—or 48 per cent of the voting sharecapital—have accepted the offer of 128p cash per share, Lazard Brothers, advisers to Tarmac, said.

Holders of 128,925 "A" ordinary (restricted voting) shares have also undertaken to accept the offer of 93p cash for this class of share.

Brady's ordinary shares rose 67 to 128p yesterday on news of the offer while the "A" shares rose 50p to 93p.

The offer which has been made by Tarmac's fully-owned subsidiary Tarmac Building Products, represents an increase in value of 113 per cent and 116 per cent on the value of the ordinary and "A" shares respectively based on middle market quotations of 60p and 43p per share on August 3.

Brady employs 1,000 people making, installing and repairing industrial doors, shutters and grilles, including those installed at most of Britain's prisons. Subsidiary activities include steel stockholding, merchanting of engineering products to the building industry, graphic reproduction and transport services.

Brady made a pre-tax loss of £86,000 in the six months ended September 30, 1981, and omitted the interim dividend. Turnover was marginally lower at £10.63m.

It is expected to announce a small loss for the year ended March 31 when figures are released next week.

Berisford resists raising its British Sugar offer

S. & W. Berisford, the commodity trading group, acted yesterday to quash British Sugar Corporation's attempt to wrest an improvement on Berisford's 470p per share offer for the sugar beet producer.

The offer, Berisford said, "sets a full value on British Sugar and realistically reflects its longer-term prospects, including the sustainable level of dividend distribution."

Reminding British Sugar shareholders that its share alternative, even allowing for scaling down provisions, would be worth 480p per share at current market values, Berisford made it clear that its offer "is final and will not be increased."

That effectively removes British Sugar's last hope of mustering sufficient institutional shareholder support for a better price by holding out as a minority to thwart compulsory purchase of total control under section 209 of the Companies Act 1948.

A letter yesterday from Sir Gerald Thorley, chairman of British Sugar, to shareholders stressed that no action is required before the August 19 closing date and sought to allay any shareholder's fears of remaining as a minority. The market for the outstanding shares remains wide, valued at some £138m, and Berisford "may require" the forecast dividend of 45p per share "unless it owns 100 per cent."

Berisford immediately replied by pointing out British Sugar's longer term uncertainties. These, the commodity group contended, include the "vagaries of the weather; the need to improve relationships with farmers and customers; the future level of production quotas; and declining domestic consumption coupled with the increased competitiveness of Tate & Lyle."

MINING NEWS

'Freddies' may cut dividend

BY KENNETH MARSTON, MINING EDITOR

"UNLESS there is a rapid improvement in commodity prices, it is likely that dividend income will fall further during the coming year and that, as a result, the current level of dividend distribution will not be maintained."

Thus comments Mr B. L. Jackson in his annual statement as chairman of South Africa's Free State Development and Investment ("Freddies"). He adds: "The portfolio in the main consists of the low-cost (gold) producers and the benefits of this investment policy must flow to the shareholders when growth in the business cycle is resumed."

As one of South Africa's smaller mining finance houses with a long history "Freddies" still holds mineral rights in the Orange Free State, but draws its income from a portfolio which consists largely of gold mining shares.

These include holdings in Driefontein Consolidated, Southvaal and Unisel. Outside gold, major interests include stakes in Rustenburg Platinum, De Beers, Palabora and S.A. Manganese.

"Freddies" dividend income in the year to June 30 was bolstered by a special payment from Tavistock Collieries prior to the company's take-over by Johannesburg Consolidated Investment.

Even so, net profits fell to R1.83m (£915,000) from R3.63m in the previous 12 months. But "Freddies" still maintained its dividend total at 47.5 cents (24p). Net assets equalled 502 cents (251p) per share. The shares were 225p yesterday to yield 10.5 per cent.

Copper mine earns more

VIRTUALLY unique among the world's major copper mines in that it can still make profits at the currently depressed level of copper prices, the Rio Tinto-Zinc group's Palabora mine in South Africa reports an increased net profit for the first half of 1982 of R15.2m (£7.6m).

This compares with R8.96m in the same period of 1981 and that year's total of R19.8m. Palabora is thus maintaining its second interim at 10 cents. This makes an unchanged 20 cents for the first half of 1982; the total for 1981 was 50 cents.

However, Palabora warns that if copper prices remain at their current levels it is unlikely that second half results will be as good as those now reported, bearing in mind also that no further deliveries of by-product uranium are scheduled for 1982.

Gecamines gets French loan

IT IS reported from Kinshasa that Caisse Centrale de Cooperation Economique of France has decided to lend Frs 100m (£8.42m) to the Zairean copper and cobalt mining company, Gecamines.

Together with a $40m loan from the EEC, the funds will be used to finance the maintenance of Gecamines' equipment and improved production. This represents Zaire's main source of foreign currency.

Gecamines has a potential annual production capacity of 470,000 tonnes of copper and 15,000 tonnes of cobalt. Because of equipment breakdowns, however, the company is expected to produce some 440,000 tonnes of copper this year.

Smith Whitworth in the red and further losses are expected

LOSSES of £300,435, against pre-tax profits of £76,847, were incurred by Smith Whitworth in the year to March 31 1982. One of the contributing factors to the deficit was a provision of £31,817 for a bad debt in respect of a 1979 contract for an Indonesian customer.

This represents the proportion of the contract not covered by the company's ECGD policy.

The directors say a loss for the current year must be expected, but thereafter, it is hoped that shareholders will be able to see some return from the steps taken. No dividend is being paid for the year under review—the last payment being 0.3p in 1979.

Apart from the bad debt provision, the losses were after depreciation higher at £68,176 against £62,230 and interest charges of £38,202 (£44,604). Turnover of this manufacturer of textile machinery, steel fabrications and plastic products fell from £2.38m to £1.57m. There was a trading loss of £162,240 against profits of £184,681.

The accounts also show a write-off of £35,798 in respect of the Darwen property sold in January. Extraordinary debits were lower at £40,878 compared with £59,127. The loss per 5p share was 7.47p (2.58p earnings) before extraordinary items.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Aeronson Bros., Barclays Bank, Bath and Portland, British Printing and Communication, East Lancashire Paper, Evode, Hoover, Johnstone's Paints, Law Debenture, Lonrho.

Finals: James Austin Steel, Peter Black, Gnome Photographic Products, Malaysia Rubber, Sentrust, David S. Smith.

FUTURE DATES

Interims—
Conder International ... Aug 6
Exeter Building & Construction ... Aug 20
Pearl Assurance ... Aug 25
Rentokil ... Aug 19
Royal Dutch Petroleum ... Aug 12
Shell Transport and Trading ... Aug 19
Tt Pacific Basin Invest. Trust ... Aug 18
York Mount ... Aug 10

Finals—
Smith Bros. ... Aug 12

Powell Duffryn ahead so far

Lord Sandon, the chairman of Powell Duffryn, told members at the annual meeting in London that group profits for the first quarter of the current year were "encouragingly ahead" of the corresponding period last year. He said this reflected an improvement in the results of the group's UK activities.

The chairman pointed out, however, that the U.S. economy was still depressed and continued to affect the markets of Powell Duffryn's newly acquired engineering businesses.

Taking the group as a whole, Lord Sandon said the board's view was that the profit decline over the last two years had bottomed out.

Field Inds. warns of halftime loss

The directors of Field Industries, a South African offshoot of Hunting Associated Industries, state that as a result of an apparent fraud in one of its subsidiaries, Field will incur a loss for the six months to end June 1982.

Two employees have been charged with embezzling about R300,000 (£151,900) — Field's management is not sure of the precise amount as several documents have been destroyed.

They say it is impossible to determine how much of the interim loss will be due to the fraud and how much to trading losses.

Field has interests in aviation, industrial fasteners and rubber products.

LONDON TRADED OPTIONS

August 4 Total Contracts 812 Calls 664 Puts 148

Option	Ex'rcise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP (c)	280	9	142	19	2	26	—	288p
BP (c)	300	5	3	12	—	—	—	"
BP (p)	260	12	1	15	—	18	—	"
CU (c)	130	16	—	18	6	25	—	139p
CU (c)	140	10	—	14	5	18	—	"
Cons. Gld (c)	420	15	8	21	2	27	—	407p
Cons. Gld (p)	360	10	5	16	1	[illegible]	—	"
Ctlds. (c)	90	[illegible]	9	6	—	[illegible]	—	85p
GEC (c)	1200	[illegible]	[illegible]	[illegible]	[illegible]	90	—	1210p
GEC (p)	1000	12	[illegible]	20	—	30	—	"
GEC (p)	1100	65	1	65	—	75	—	"
Gr'd Met. (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	[illegible]
Gr'd Met. (c)	260	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	"
Gr'd Met. (p)	240	10	[illegible]	[illegible]	[illegible]	[illegible]	—	"
Gr'd Met. (p)	260	22	2	25	21	26	—	"
ICI (c)	280	17	18	28	—	38	—	288p
ICI (c)	300	7	51	18	—	26	10	"
ICI (c)	330	4	1	10	—	14	—	"
ICI (p)	280	12	9	13	—	15	—	"
ICI (p)	300	25	18	25	—	30	—	"
ICI (p)	330	50	—	52	1	54	—	"
Land Sec. (c)	330	5	4	—	—	—	—	285p
Mks & Sp. (c)	140	25	3	33	—	—	—	164p
Mks & Sp. (c)	160	11	7	18	—	23	—	"
Mks & Sp. (p)	160	5¼	—	7½	1	9	—	"
Mks & Sp. (p)	180	19	13	22	—	23	—	"
Shell (c)	390	18	1	28	—	36	—	388p
Shell (c)	420	6	6	18	—	26	2	"
Shell (c)	460	5	1	5	—	—	—	"
Shell (p)	360	8	—	10	5	—	—	"
Shell (p)	390	17	7	22	—	26	—	"
		August		November		February		
Barclays (c)	360	47	2	53	—	62	—	405p
Barclays (c)	383	25	1	33	—	—	—	"
Barclays (c)	390	20	—	28	—	43	7	"
Barclays (c)	417	5	2	13	10	—	—	"
Barclays (c)	420	4	5	15	11	30	—	"
Barclays (p)	383	2	5	12	—	22	—	"
Barclays (p)	390	2	2	22	—	25	—	"
Barclays (p)	417	15	—	32	1	—	—	"
Barclays (p)	420	18	1	35	—	38	—	"
Imperial (c)	80	18	15	20½	—	—	—	98p
Imperial (c)	80	2	43	10½	—	15	—	"
Imperial (c)	100	1	70	5	—	8½	—	"
Imperial (c)	110	½	—	[illegible]	—	[illegible]	3	"
Lasmo (c)	280	14	3	32	2	53	—	292p
Lasmo (c)	300	5	2	24	5	40	—	"
Lasmo (c)	330	1	1	15	—	20	10	"
Lasmo (c)	360	1	—	6	2	13	—	"
Lonrho (c)	70	15	27	18	—	19	—	85p
Lonrho (c)	80	8	—	11½	30	14	—	"
Lonrho (c)	90	2	51	6½	18	8½	5	"
Lonrho (p)	80	2	—	5	23	5	2	"
Lonrho (p)	90	7	17	10	—	11	—	"
P & O (c)	140	12	3	21	—	26	—	156p
P & O (c)	160	2	11	10	—	12	—	"
Racal (c)	460	20	10	43	—	60	—	478p
Racal (c)	500	2	10	20	—	32	—	"
Racal (p)	460	1	—	16	7	20	—	"
Racal (p)	500	25	—	35	2	43	—	"
RTZ (c)	390	27	2	40	—	50	—	417p
RTZ (c)	420	4	2	25	5	35	—	"
RTZ (p)	390	1	—	16	—	25	10	"
RTZ (p)	420	13	5	37	—	47	—	"
Vaal Rfs. (p)	50	1¼	3	6½	—	8	—	$52

C=Call P=Put

SHARE STAKES

Telfos Holdings—Mr K. P. Legg, director of Telfos and of Plantation and General Investments, has notified that Plantation and General holds 787,900 ordinary shares (15.1 per cent), and 256,950 12 per cent convertible loan stock 1991 (21 per cent).

Black Arrow Group—Williams and Glyn's Bank has disposed of 100,000 ordinary shares and is interested in 15.08 per cent.

Flynn—Mr C. S. J. Summerlin, director, "in respect of wife" has disposed of 25,000 new ordinary shares reducing holding to 1,805,304 shares (13.26 per cent).

Glass Glover Group—F. S. Assurance Trustees following a purchase of 50,000 ordinary shares on July 22 now has 425,000 shares. It holds the shares as a nominee of F. S. Assurance.

George Spencer—P. H. Spencer is interested in 418,881 ordinary shares and 35,935 4 per cent £1 preference shares.

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COMMODITIES AND AGRICULTURE

Farm land nationalisation attacked

BY RICHARD MOONEY

NATIONALISATION OF farm-land would cost the British taxpayer a fortune and could reduce UK food productivity according to a report* published by the Royal Institution of Chartered Surveyors.

The cost to the taxpayer of buying all or a large part of the nation's agricultural land at the market price would run into many billions of pounds while the income generated by the land would be much less than the interest paid on the money borrowed to pay for it, the report warns.

The current annual rate of return to landowners is only about 2 per cent of investment value, it points out.

Meanwhile, productivity prospects would suffer because of farmers' loss of access to investment capital from banks and landowners, and the splitting up of large, efficient estates.

If a future Government chose to take over land in lieu of tax, landowners would seek to part with their worst land first, the surveyors say. "These scattered pieces of poor land would be very difficult for a government agency to manage."

There would be a long period of disruption and uncertainty whatever nationalisation method was chosen, they warn, adding that agriculture could become a political football "beset by alternating bouts of nationalisation and denationalisation."

This would certainly lead to a loss of investment and efficiency, it says.

The only positive facet to nationalisation recognised in the report is in the opportunities it would provide for new entrants to farming through the splitting up of large estates. "However, this would be a once-and-for-all expansion, since descendents of the new tenants would presumably have full succession rights under present legislation," it says.

It accepts claims that state ownership would enable more of the countryside to be opened to public access but warns that this would be at some cost to agricultural efficiency.

Land nationalisation still has a body of strong supporters in the Labour party and is listed on the draft agenda for discussion at the next party conference. However, it is reported to be well down the list of priorities.

● Farmland prices in England and Wales in the April-June quarter reached their highest level for two years, according to provisional figures published by the Ministry of Agriculture yesterday. The average price for the quarter was actually slightly lower than in the three months ended May but the weighted average price, which allows for area and size variations in the sample, rose from £4,170 to £4,218 a hectare. The figures were based on sales totalling 10,500 hectares, the highest so far this year.

* *The Nationalisation of Agricultural Land—A Discussion Paper, price £2.50.*

Meat futures market study

By John Edwards, Commodities Editor

PROSPECTS FOR the introduction of meat futures markets in London are to be viewed at a special "workshop" meeting to be staged by the Meat and Livestock Commission in early November.

The idea is that a number of key representatives from the meat trade, likely to be interested in futures markets, will be invited to the "workshop" to look at possible schemes and give their views. The most likely contracts to be discussed are pigmeat, frozen beef and New Zealand lamb.

A representative from the London / New Zealand Terminal Market Association, who are already studying an NZ lamb futures market, is expected to attend the meeting.

Discussions are also going on with the Grain and Feed Trade Association (Gafta), who have sponsored futures contracts for domestic agricultural products, including grains and more recently potatoes. It is the unexpected success of the potato futures market that has helped revive interests in the possibility of meat futures contracts.

Brazil's aluminium dream begins to buckle

BY A CORRESPONDENT

DOUBTS about the start-up date at the planned Alune aluminium smelter in Recife pose an important question mark for Brazil's ambitious aluminium programme.

According to Rudolph Escherich, managing chairman of the West German company Vereinigte Aluminium Werke (VAW), which is to build the mill in association with Brazilian government agencies, said last month that an 18 month postponement would be sought from the government.

Construction of the mill was originally scheduled to begin in early 1983 for start-up in October 1986. The weakness of the world aluminium market was to blame for the proposed delay, Mr Escherich said. The same difficulties face two other mills already under construction—Alcoa/Shell's Alumar smelter in Maranhão, and the Brazilian/Japanese Albrás/Alunorte facilities in Para—as well as the recently opened Valesul smelter in Rio de Janeiro.

A somewhat different version of the problem faced by Alune was given by the head of the Brazilian company formed to build the mill, Paulo Gustavo Cunha. Since negotiations between VAW and the Brazilian authorities had begun in 1980, he said, energy costs had risen from $0.013 per kilowatt hour to $0.021.

This compared with costs of US$0.013-0.014 in Canada and US$0.011-0.018 for much U.S.-produced aluminium.

As some 85 per cent of Alune's annual output of 110,000 tonnes was to be exported, it was the viability of the project itself that was under examination, Sr Cunha said.

Cheap energy and abundant supplies of bauxite were the factors that persuaded Brazilian planners back in the 1970s that the country had a future as a major aluminium producer. Aluminium companies and other multinationals were not slow to take the point, and the programme soon grew to involve prospective investments of $5.7bn to build five new mills and expand output at several existing smelters.

Projections drawn up only last year show installed capacity in Brazil rising to nearly 1.5m tonnes by 1990, compared with 260,000 tonnes in 1980. By the end of the decade, it was projected, the domestic market would consume some 900,000 tonnes, leaving a potential exportable surplus of 600,000 tonnes. But even as these projections were being drawn up, the effects of recession on both the world and the domestic markets were making them look increasingly unsteady.

The next move falls to the Brazilian government, which has already heard the case put forward by VAW. Failure to fulfil its promise of cheap energy could deprive the new smelters of the competitive edge they will need to establish themselves under difficult market conditions.

On the other hand, with inflation on the increase after falling last year, and a trade deficit a possibility after last year's surplus, the government may feel that this is not the time for concessions.

But a negative answer could make Brazil's aluminium dream into something of a nightmare for producers. Existing smelters had a bad time last year, when domestic demand, after growing at a steady 10 per cent a year during the 1970s, slumped by 18 per cent and left them with unsold stocks totalling 50,000 tonnes.

Squeezing into an oversupplied market has not made life easy for Valesul, the first of the new mills to come on stream. When it was inaugurated in May, the $388m mill, 52 per cent owned by the state mining company CVRD and 44 per cent by Shell, was intending to produce some 40,000 tonnes of metal this year rising to full capacity of 86,000 in 1983. Under present market conditions these targets are unlikely to be met.

Under these difficult circumstances, and with no clear indications of when a sustained economic upturn can be expected, it is not only the builders of new mills who are reviewing their timetables and wondering about viability.

The companies involved in mining Brazil's massive Trombetas bauxite deposit—from which the new mills are likely to take most supplies—have now to decide by how much to expand their output to meet demand in the latter half of the decade. So far the project has been successfully on target with plans to raise output from its present level of 3m tonnes a year to 8-12m tonnes. But that figure may now be reduced to only 7m.

Sugar prices ease

By Terry Povey

WORLD SUGAR prices eased slightly yesterday following the sale of just under 60,000 tonnes of white sugar by the EEC at its weekly tender. On the London futures market the January position was down £1.50, to £114.50 per tonne.

The new series sales authorisations by the Commission were at a maximum export rebate of 38.07 ecu per 100 kilos. No sales were authorised for raw sugar.

According to traders the EEC authorisations were slightly higher than expected although generally in line with weekly releases of from 60-70,000 tonnes being predicted for the current series. Purchases by Jordan of two cargoes of white sugar on Tuesday at "very competitive prices" had also helped to confirm a trend for an easing of prices they said.

In the morning the London daily price for raw sugar was set at £103 per tonne, down £3 on the previous day.

● The Philippines is expecting a 400,000 tonnes deficit in its 1.6m tonne sugar export quota this year, according to National Sugar Commission chairman Mr Roberto Benedicio, reports Reuter.

Drought may force Australian farmers to sell off land

BY MICHAEL THOMPSON-NOEL IN SYDNEY

WITH NEWS that the Federal Australian Government has made a A$10m (£5.9m) advance payment to the government of New South Wales to assist the state's drought aid programme, it became clear yesterday that large tracts of the country's best grain cropping land could be sold unless the rains come soon.

In north western NSW and southern Queensland, many farmers are reportedly contemplating the sale of all or part of their land to reduce their debts in the face of continuing high interest rates and the prospect of another crop failure.

Drought has now gripped much of NSW, as well as Queensland. Large areas of Victoria, South Australia, Western Australia and Tasmania are also affected. In some parts, there has been no rain for 40 months, while in others, farmers say conditions are the worst this century.

Worst hit are farmers who have invested heavily in recent years as more efficient ways of wheat farming has rendered formerly marginal land attractive.

The A$10m worth of aid advanced by Canberra to the state government of NSW will be free of interest. It has been made available to fund drought-assistance measures, including long-term loans. In the past 40 months, the NSW government has approved more than A$100m worth of drought-assistance, much of it federally funded.

But eligibility for drought assistance is limited to those with assets worth less than A$350,000. "If you own a tractor, and other equipment, plus a reasonable amount of stock, you're already over the limit," said one farmer yesterday.

The federal government was well aware of the drought, said the Federal Minister for Primary Industry, Mr Peter Nixon, yesterday. The National Farmers Federation is preparing a major drought review.

Mr Gavin McConnell, manager of one of the biggest livestock and real estate agencies at Moree, in north-west NSW, said there was "a lot of talk" among farmers fearful of having to sell land. For them, he said, it was now "crunch time."

In many areas, 25 mm to 31 mm of rain is needed urgently, with further drenchings in the southern hemisphere's spring which starts next month.

● Australian wool growers have been asked by the London-based International Wool Secretariat to pay A$8.5m (£5m) a year for five years to help fund a U.S. sales drive for woollen clothes. In the view of the IWS, wool-producing countries are missing out on lucrative U.S. markets for wool garments.

Endorsement of the scheme has come from the Australian Wool Corporation, but it is asking growers if they wish to participate.

Australian wool growers already contribute more than A$35m a year for International wool promotion, but the IWS believes wool consumption in the U.S. can be boosted by up to 17 per cent.

The current wool selling season opened bleakly last week, when the Australian Wool Corporation was obliged to buy in almost 40 per cent of the offering.

Potato planting target reduced

By Our Commodities Staff

BRITAIN'S Potato Marketing Board has reduced the plantings target for 1983 to 161,000 hectares from 163,000 hectares this year — the fourth successive annual reduction.

It said yesterday the figure had been determined as a guide to the planted area which, given normal yields, "is expected broadly to equate supply to requirements."

For the past two years plantings have been below target, by 4,000 hectares in 1981 and (provisionally) by 1,500 hectares this year.

Threat to Paris cocoa market

PARIS—Disappointing activity in French cocoa and coffee futures could threaten these markets and result in Francophone exporters dealing in London-based prices, the Commodity Brokers' Association said.

In its latest monthly bulletin the Association said activity had not kept pace with increased output of cocoa and coffee in West African countries.

Cocoa activity in particular has declined noticeably over recent years in spite of the fact that West Africa now accounts for around one third of world cocoa output.

Paris cocoa activity fell to around 72,000 tonnes last year from 608,000 in 1976, although trades during the first half of this year are up on the same 1981 period.

The association noted Francophone West African traders currently base their decision on whether to sell or stay out of the market on Paris futures price trends. They also bargain in French francs.

It said that if the Paris cocoa and coffee markets folded West African traders would use London prices as their reference and would bargain in sterling. Reuter

LONDON OIL SPOT PRICES

	Latest	Change + or −
CRUDE OIL—FOB (per barrel)		
Arabian Light	31.30-31.45	−0.10
Iranian Light	30.40-30.50	−0.15
Arabian Heavy	29.00-29.10	−0.05
North Sea Forties	32.50-32.60	−0.05
African Bonny L'ht	33.75-33.80	−0.05
PRODUCTS—North West Europe CIF (per tonne)		
Premium gasoline	331-339	−5.0
Gas oil	273-284	−3.5
Heavy fuel oil	154-157	−

GAS OIL FUTURES

After opening around $1 lower, the market traded in a narrow range and light volume throughout the day. Prices finished the day easier, largely on the renewed dollar strength, reports Premier Man.

Month	Yest'day's close	+ or −	Business Done
	U.S. per tonne		
August	286.50	[illegible]	[illegible]
Sept	279.75	[illegible]	[illegible]
Oct	282.00	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]
Dec	285.25	[illegible]	[illegible]
Jan	286.50	[illegible]	[illegible]
Feb	286.00	[illegible]	[illegible]
March	285.00	[illegible]	[illegible]
April	284.00	[illegible]	[illegible]

Turnover: 1,268 (1,993) lots of 100 tonnes.

GOLD MARKETS

Gold fell $5½ an ounce from Tuesday's close in the London bullion market yesterday to finish at $345-346. The metal opened at $345½-346½ and traded between a high of $347-347½ and a low of $343½-344. The weaker trend was mainly a reflection of the dollar's firmer trend and a rise in U.S. interest rates.

In Frankfurt the 12½ kilo bar was fixed at DM 27,590 per kilo ($348 per ounce) against DM 27,610 ($357) and closed at $346-347 from $349-350.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar was $346 down from $357.

In Paris the 12½ kilo bar was fixed at FFr 76,000 per kilo ($343.4 per ounce) in the afternoon compared with FFr 76,000 ($344.58) in the morning and FFr 77,000 ($354.49) on Tuesday afternoon.

In Zurich gold finished at $344-347 against $348-351.

LONDON FUTURES

[illegible]

Turnover: 125 (360) lots of 100 troy ounces.

Gold Bullion (fine ounce)

[illegible]

Gold Coins Aug. 4

[illegible]

BRITISH COMMODITY MARKET

BASE METALS

[illegible]

SILVER

[illegible]

COCOA

[illegible]

COFFEE

[illegible]

GRAINS

[illegible]

RUBBER

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

WOOL FUTURES

[illegible]

PRICE CHANGES

In tonnes unless otherwise stated.

[illegible]

INDICES

FINANCIAL TIMES

(Base: July 1 1952 = 100)

REUTERS

(Base: September 18 1931 = 100)

MOODY'S

(December 31 1931 = 100)

DOW JONES

(Base: December 31 1974 = 100)

COTTON

[illegible]

POTATOES

[illegible]

MEAT/FISH

[illegible]

AMERICAN MARKETS

NEW YORK, August 4.

[illegible]

Tuesday's closing prices

[illegible]

EUROPEAN MARKETS

[illegible]

INTERNATIONAL COMPANIES and FINANCE

Deutsche Bank launches $300m Eurodollar bond

BY ALAN FRIEDMAN

DEUTSCHE BANK last night came to the Euromarket with its first fixed-interest Eurodollar bond, a $300m seven-year issue bearing a coupon of 14½ per cent.

The Deutsche Bank bonds, priced at par and lead-managed by Deutsche Bank itself, CSFB and Merrill Lynch, are guaranteed by Deutsche Bank Luxembourg. They may not be called by Deutsche Bank for the full seven years.

The issue involves an interest rate swap transaction with three other European banks. Under the transaction Deutsche Bank will take over floating rate debt and the three other banks will pay the 14½ per cent interest. The proceeds of the issue will be used to refinance floating rate credits granted by Deutsche Bank's Luxembourg subsidiary. The paper was changing hands last night at a discount of ⅝ per cent or less.

In 1977 Deutsche Bank raised $125m through the issue of a Eurobond "warrant" package enabling investors to switch into the bank's shares.

Profit-taking among dealers in the Eurodollar sector yesterday pushed prices ¼ to ½ point lower. Limited retail investor buying was in evidence, according to traders. Du Pont's new $200m 14½ per cent bonds are selling slowly and traded at discounts of 2½ to 2 per cent. The Du Pont warrants, priced at $33, traded at $34.

In the Eurosterling bond market the Province of Quebec's new £30m 14½ per cent issue started trading yesterday at a soggy 98 to 98¼, against an issue price of par. S. G. Warburg was lead-manager.

West German foreign bond prices fell ½ point. The Swedish Export Credit DM 100m 9½ per cent issue was priced by WestLB at 100¼, viewed as slightly aggressive by the market. The Swedish paper traded last night at discounts of 1½ per cent to 1¾ per cent.

Today sees the launch of a DM 100m 10-year issue for the Mortgage Bank of Denmark through WestLB. The coupon is expected to be 9½ per cent and a discount pricing is likely.

Prices of Swiss foreign bonds closed unchanged amid light trading. The Asian Development Bank today launches a SwFr 100m 10-year issue through Swiss Bank Corporation. The yield is expected to be 7½ per cent.

Sumitomo Metal's new SwFr 100m issue was priced by SBC at 6½ per cent at 100¼, yielding 6.68 per cent.

LBI to lead Eurocredit for Spain

By Our Euromarkets Staff

THE KINGDOM of Spain has awarded a mandate to Lloyds Bank International for a £100m four-year Eurocredit. The interest margin on the credit will be ⅜ per cent above the London interbank offered rate (Libor) for the full four years. The loan will be repaid in full at maturity.

The seven other banks involved in the LBI-led syndicate are Allied Irish Bank, Banco de Bilbao, Bank of Tokyo, County Bank, Dai-Ichi Kangyo Bank, Bank of Nova Scotia and National Westminster Bank.

From Eastern Europe comes word that the special three-year $60m credit for Hungary, led by Manufacturers Hanover Trust, will be signed on Monday in London.

Canada asks U.S. banks for extra $2bn credit

BY RICHARD MACKE IN TORONTO

THE Canadian Government has asked a consortium of U.S. banks to raise its credit line to $5bn from $3bn. It aims to increase its U.S. dollar reserves which can be used to defend the value of the Canadian dollar.

The banks are reported to have told Ottawa it will have to pay more for the credit, because of the Canadian economy's deepened state and the Government's weaker financial position.

There are two lines of credit the Government can use to shore up Canada's position. The larger one is with Canadian banks and was increased to $3.5bn from $2.5bn when it was renegotiated last year. The other is for $3bn and was drawn up by U.S. banks, led by Citicorp of New York as agent and including Bank of America, Irving Trust and Manufacturers Hanover Trust as joint managers.

As a result of intervention to defend the dollar, these lines of credit had been reduced by $2.4bn on June 30.

Any further borrowing could make defence of the dollar more expensive in future months. The existing U.S. arrangement, scheduled to last until 1989, provides that for borrowings up to the first $1.5bn the government is to pay either the U.S. prime lending rates or a quarter point above the price for U.S. dollar deposits paid on the British money market. Borrowings in the second $1.5bn would be at either the U.S. prime rate or the London interbank offered rate (Libor) plus three eighths of a point, whichever is lower.

AEG's bank consortium to meet on Monday

By Kevin Done in Frankfurt

CONTINUING disarray among the 25-member banking consortium is still holding up agreement on urgently needed cash help for AEG-Telefunken, the financially stricken electrical group.

The banks are due to meet on Monday to try to agree on what shares the individual institutions should take in the DM 275m of new credit that is to be made available to the company.

The extra bank credits are a pre-condition for the DM 600m ($246m) loan guarantees to be granted by Bonn, which were agreed by the Federal Government in principle three weeks ago.

As many as six members of the consortium have refused to go along with the latest liquidity measures increasing the burden that must be taken up by the remaining banks, in particular, the consortium leaders, Dresdner Bank, Deutsche Bank and the Westdeutsche Landesbank.

Monday's meeting of the banks will be preceded by a meeting of the AEG supervisory board, which is chaired by Dr Hans Friderichs, chairman of Dresdner Bank.

The supervisory board is expected to be given a full report on the current state of the concern by Herr Heinz Dürr, AEG chief executive, including the state of negotiations with Grundig over its planned involvement in a rescue of Telefunken, AEG's heavily loss-making consumer electronics subsidiary.

Refusal by some banking consortium members to participate in the new liquidity measures means that about 10 per cent of the DM 275m credits remains to be distributed.

Of existing loans to AEG from consortium members some 17.5 per cent have been provided by the Dresdner Bank, 13.5 per cent by Deutsche Bank, 12.2 per cent by Westdeutsche Landesbank, 9.5 per cent by Commerzbank, 8.5 per cent by Hessische Landesbank, 7.7 per cent by Norddeutsche Landesbank and 5.1 per cent by DG Bank.

SCM warns of earnings drop

NEW YORK—SCM Corporation, expects to report that net income for the fiscal year ended June 30 fell 48 per cent to about $3 a share from $5.80 a year ago, according to Mr Paul H. Elicker, chairman.

All sections of the group, which is a diversified manufacturer of consumer and industrial products, are down, "except the food business and technically that was down too."

The chairman attributed the earnings drop primarily to the impact of the recession and manufacturing and marketing problems in the company's typewriter and appliance division.

AP-DJ

U.S. QUARTERLIES

AMERICAN STANDARD

	1982 $	1981 $
Second quarter		
Revenue	528.2m	629.1m
Net profits	8.8m	34.2m
Net per share	0.31	1.25
Six months		
Revenue	1.08bn	1.29bn
Net profits	15.5m	71.5m
Net per share	0.60	2.62

COLUMBIA GAS SYSTEM

	1982 $	1981 $
Second quarter		
Revenue	994.3m	889.9m
Net profits	31.26m	32.69m
Net per share	0.89	0.95
Six months		
Revenue	2.87bn	2.36bn
Net profits	135.2m	119.1m
Net per share	3.85	3.46

E.G. & G.

	1982 $	1981 $
Second quarter		
Revenue	210.0m	178.5m
Net profits	29.89m	8.43m
Net per share	0.34	0.29
Six months		
Revenue	406.9m	344.1m
Net profits	19.3m	15.8m
Net per share	0.67	0.55

ELECTRONIC DATA SYSTEMS

	1981-82 $	1980-81 $
Fourth quarter		
Revenue	137.2m	121.5m
Net profits	13.1m	10.2m
Net per share	0.48	0.38
Year		
Revenue	510.0m	454.8m
Net profits	46.9m	37.8m
Net per share	1.72	1.39

FLEMING COMPANIES

	1982 $	1981 $
Second quarter		
Revenue	835.8m	768.7m
Net profits	5.16m	5.59m
Net per share	0.84	0.77
Six months		
Revenue	1.91bn	1.81bn
Net profits	14.8m	13.3m
Net per share	2.02	1.83

J.W.T. GROUP

	1982 $	1981 $
Second quarter		
Revenue	106.6m	99.2m
Net profits	†2.12m	2.39m
Net per share	†0.40	0.45
Six months		
Revenue	199.0m	182.5m
Net profits	†2.18m	2.72m
Net per share	†0.41	0.51

† Loss

JONATHAN LOGAN

	1982 $	1981 $
Second quarter		
Revenue	84.3m	91.3m
Net profits	700,000	†1.32m
Net per share	0.15	†0.26
Six months		
Revenue	188.3m	190.5m
Net profits	3.09m	11.08m
Net per share	0.66	†0.21

† Loss

STORER BROADCASTING

	1982 $	1981 $
Second quarter		
Revenue	94.5m	69.5m
Net profits	4.99m	5.79m
Net per share	0.30	0.66
Six months		
Revenue	175.0m	124.1m
Net profits	5.48m	11.86m
Net per share	0.34	0.83

The Continental Illinois loans tally

Chicago's biggest bank airs the dirty linen in its loan basket. David Lascelles reports

CONTINENTAL ILLINOIS, struggling to recover from the huge blow caused by last month's collapse of Penn Square Bank, took the unusual step this week of airing the other dirty linen in its loan basket "in order to correct mis-statements," according to Mr Roger Anderson, chairman.

Although the exercise provided a revealing insight into the troubled Chicago bank's condition, it was clearly designed to convey the message that its exposure to bad loans is smaller than suggested by the rumours which have swirled through banking circles in recent weeks and badly damaged investor confidence.

The bank's biggest questionable exposure is to International Harvester, the struggling Chicago-based farm, transport and construction equipment maker which is asking nearly 200 banks to restructure about $1.6bn of debt.

Mr Anderson said Continental has $140m out to Harvester. About half is to the parent company and is listed as "non-performing," which means interest payments are either in arrears or less than they are supposed to be. Of the remaining $70m, about $35m is to Harvester's credit company and is secured by receivables, but is also non-performing because the interest rate has been reduced to 11 per cent, well below the prime rate of 15 per cent. The remaining $35m loans are to Harvester's foreign subsidiaries, and are good.

Continental also has a $50m commitment to buy third party receivables from Harvester's credit company, and about half of that has been taken up, he said.

Still in the troubled farm equipment category, Continental has about $40m out to Massey-Ferguson of Canada. These loans are divided equally between Massey's U.S. manufacturing subsidiaries and its U.S. finance subsidiary. The manufacturing subsidiary loans are non-performing, but the finance subsidiary loan is good. Continental also has "a few million" out to Massey's overseas subsidiaries, and these loans are also good.

Mr Anderson said Continental has $80m in loans to American Invsco, a Chicago real estate company which has been widely reported to be in financial difficulty. These loans were almost all secured by real estate at realistic valuations and are "almost all" performing, he said.

Continental has lent $200m to U.S. and Canadian subsidiaries of Dome Petroleum, the Canadian energy company whose enormous debts have been a source of concern for some time. Mr Anderson said these loans were secured by oil and gas properties which had been valued according to accepted investment criteria, and are performing.

Continental also has loans out to companies which have gone bankrupt. These include Braniff, the Texas airline where loans amount to $24m, of which $8m has been written off, and the rest is non-performing. Mr Anderson said that, because of the collateral, he expects a "full recovery."

They also include AM International, the Chicago office equipment company to which Continental loaned $12m, of which $6m has been written off and the rest placed in the non-performing category.

Mr Anderson does not expect any more charge-offs. Some $3m are also on loan to AM International's foreign subsidiaries which are not bankrupt. The $12m out to AM International is roughly what Continental also has out to Poland, he said.

Continental has lent $57m to Wiskes Company, the bankrupt retailer, of which $41m is non-performing. But Mr Anderson is cautiously optimistic "that we'll recover most of this credit."

Nucorp Energy, the California oil and gas exploration company which went into bankruptcy last month, has $150m in Continental loans of which $130m is non-performing. Continental also has "less than $100m" out to Grupo Industrial Alfa of Mexico which was meeting its bankers in New York yesterday.

Including the reclassification of Penn Square Loans, Continental has a total $1.38bn in non-performing loans, or 3.7 per cent of its total loan portfolio, by far the largest proportion of a major U.S. bank.

But Mr Anderson said there were special reasons for this. Continental is the largest U.S. lender to industry, so it has a greater exposure to business bankruptcies. By the same token, it has fewer foreign loans, which tend to be higher quality. It also has fewer consumer loans which are not included in the non-performing category if they go bad.

Mr Anderson also warned that the bank's volume of non-performing loans could still go up this year as the recession takes it toll. But Continental remains strong, sound and financially stable, he said. Until recently, the bank had the second best loan quality record of any major U.S. bank after Morgan Guaranty.

Record profits for TransCanada PipeLines

BY ROBERT GIBBENS IN MONTREAL

RECORD PROFITS are reported by TransCanada PipeLines for the half-year ended June 30, endorsing the recent statement by Mr Radcliffe Latimer, president, that the group will produce "substantially better" results this year.

The group, 47 per cent owned by Dome Petroleum and Dome Canada and which operates a cross-country gas trunk line system and also has oil and gas exploration and development interests in Canada and the U.S., earned C$89.3m (US$71.4m) or C$1.58 a share in the six months, an increase of 39 per cent on last year's corresponding C$64.3m or C$1.17 a share. Revenues moved up 3.4 per cent, from C$1.76bn to C$19.2m.

Earnings for the whole of 1981 were a record C$125.6m or C$2.85 a share, compared with C$93.43m or C$2.18

Imasco, the Canadian-based tobacco products, consumer goods and fast food group controlled by BAT Industries of the UK, is continuing to weather the North American recession. The group has boosted first quarter earnings by 19 per cent, from 1981's corresponding C$29.6m or C$1.25 a share to C$38.9m or C$1.63 a share.

Revenues for the period amounted to C$671.2m, an increase of 29 per cent on the C$520.1m in the comparative period last year.

The directors report that all its divisions turned in higher profits for the three months, particularly its Imperial Tobacco, Hardee's and Shoppers Drug Mart offshoots. They are confident that the earnings growth of the first quarter will be maintained throughout the rest of the fiscal year despite the current difficult economic conditions.

The group earned a record C$89.6m or C$4.27 a share for the whole of fiscal 1981-82 on revenues of C$1.4bn.

Moore Corporation, the world's largest business forms manufacturer based in Toronto but which does more than 60 per cent of its business in the U.S., is still finding the going tough after its 17 per cent first quarter earnings decline.

Second quarter earnings have slipped 14 per cent, from 1981's comparative US$26.1m or 93 cents a share to US$22.4m or 80 cents a share on revenues maintained at US$457m.

This brings half-year profits to $47.4m or US$1.69 a share, compared with US$56.3m or US$2.01 a share a year earlier and revenues to US$931m against US$914m.

For the whole of last year Moore's earnings were a record US$115.4m.

Outlook weak at Santa Fe Industries

EARNINGS will remain weak for a while at Santa Fe Industries, the railway company with interests in energy, forest products and construction, AP-Dow Jones reports.

Mr John Reed, chairman and chief executive officer, said: "Frankly, I don't see business snapping back strongly, but I would be happy to be proven wrong".

The Santa Fe Railway, in many years the company's biggest money maker, has recently fallen on hard times. Its petroleum, forest products and construction businesses are also lagging.

Mr Reed was "quite optimistic" in the long term, however.

Last year's earnings fell 20 per cent to $242.2m or $2.73 a share. Revenue was a record $3.37bn.

Mr Reed noted that second-half earnings this year would benefit by comparison with weak results in 1981. In the first half, net profits dropped 25 per cent to $94.8m or $1.07 as revenue slipped nearly 7 per cent to $1.58bn.

Earnings gained 10 per cent in the second quarter, but Mr Reed said the gain was mostly due to cost-cutting, and did not reflect any upturn in business.

The company had cut railway jobs by 4,000 to 28,800 and had idled more than 300 locomotives and 20,000 boxcars.

To conserve cash, it had curtailed spending on railway track work and equipment as well as oil drilling and other sectors of the company.

First-half capital spending dropped nearly 40 per cent to $175m from $285m

"We have no locomotives or boxcars on order at this time," Mr Reed said, but contended that the railroads facilities were in excellent shape to handle a recovery in traffic.

Energy group dives into red

By Our Financial Staff

PIONEER CORPORATION, the diversified Texas-based energy resources group has plunged into the red in the second quarter.

It has turned in a loss of $13.06m or 35 cents a share against a profit in the same period last year of $28.4m or 76 cents a share on sales down from $308m to $254.8m.

This has reduced first half profits by 70 per cent to $16.78m or 45 cents a share against $57.6m or $1.54 on revenues of $557.2m compared with $596.2m.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Wednesday August 18. Closing prices on August 4

U.S. DOLLAR STRAIGHTS — Issued, Bid, Offer, Change on day, week, Yield

[illegible]

OTHER STRAIGHTS — Issued, Bid, Offer, Change on day, week, Yield

[illegible]

DEUTSCHE MARK STRAIGHTS — Issued, Bid, Offer, Change on day, week, Yield

[illegible]

FLOATING RATE NOTES — Spread, Bid, Offer, C.dte, C.cpn, C.yld

[illegible]

SWISS FRANC STRAIGHTS — Issued, Bid, Offer, Change on day, week, Yield

[illegible]

CONVERTIBLE BONDS — Cnv. date, Cnv. price, Bid, Offer, Chg. day, Prem

[illegible]

YEN STRAIGHTS — Issued, Bid, Offer, Change on day, week, Yield

[illegible]

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNATIONAL COMPANIES and FINANCE

Siemens lifts nine-month net profits by one third

BY STEWART FLEMING IN FRANKFURT

SIEMENS, West Germany's largest electronics concern, reports a sharp rise in nine month profits in the wake of determined steps in recent months to cut costs and loss-making activities.

But it is evident from the company's statement that a depressed domestic market is still a drag on its operations while sales abroad have been growing strongly. However, Siemens warns that because of declining oil revenues there is evidence of weakening orders from oil exporting countries which feature prominently among its foreign customers.

In the nine months ended June, 1982 sales rose 14 per cent to DM 27.3bn. The increase comprised a 9 per cent rise in domestic sales to DM 11.8bn and an 18 per cent rise in foreign sales to DM 15.5bn.

Net income rose by 33 per cent, to DM 464m against DM 348m. Net profit margins widened from 1.5 per cent to 1.7 per cent.

The company says that it expects sales for the year to top DM 38m with profit margins remaining stable at around 1.7 per cent. This implies that the company will report a net profit for the year of around DM 646m, a gain of around one quarter compared with 1981's results and slightly above the DM 633m reported in 1979-80.

The company has already emphasised that it is in the midest of a programme aimed to improve profitability which has been declining in recent years. This has already led to significant cuts in its labour force, which is down by 4 per cent to 325,000 compared with the end of its last financial year.

The fall in domestic orders in the nine months reflects two nuclear power station orders in the year ago period, while the increase in foreign orders follows large orders from oil exporting countries in the fields of energy and communications

Esselte plans more expansion abroad

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

ESSELTE, the Swedish office supplies, graphics and packaging group, is determined to curb its rising indebtedness.

But Mr Sven Wallgren, managing director, tells shareholders in the group's annual report that Esselte will still "probably" continue its policy of purchasing foreign companies—within the limits of the balance sheet and the group's ability to incorporate the new concerns.

Since the middle of the 1970s Esselte has grown fast outside Sweden. Last year 58 per cent of the SKr 5.55bn ($915m) in group sales arose abroad and with the acquisition of Letraset in the UK, incorporated from November, 1981, the proportion will increase again.

Foreign profits have grown faster than foreign sales. In 1981-82 the subsidiaries outside Sweden accounted for almost two-thirds of operating profit. But the 22 per cent increase to SKr 447m in operating profit last year was largely eaten up by the rising interest charges on the loans taken up to finance company purchases.

Esselte's pre-tax earnings increased by only SKr 11m to SKr 292m, as previously reported. Net interest costs climbed by almost SKr 77m to SKr 165m while the parent company's foreign borrowing grew from SKr 517m to SKr 1.28bn.

Improvement for Munich banks

BY OUR FRANKFURT STAFF

TWO OF Munich's leading banks, the privately-owned Bayerische Vereinsbank and the publicly-owned Bayerische Landesbank have reported improved operating earnings. Bayerische Vereinsbank said partial operating earnings excluding the bank's own securities and foreign exchange trading as well as loan loss provisions and write downs) rose 25 per cent in the first half of 1982.

Interest earnings increased by 15.2 per cent to DM 528m and commission income by 11.7 per cent to DM 92m compared with an average for the same six months of 1981.

Bayerische Vereinsbank is one of the few leading German banks not to have suffered earnings setbacks in the past two years. Its main rival in Munich, the Bayerische Hypotheken und Wechsel-Bank, has reported a 23.1 per cent recovery in interest earnings to DM 555.5m and a 54.8 per cent rise in partial operating earnings.

Bayerische Landesbank said six months operating earnings had improved, but earnings from higher interest and dealing profits had been partially offset by increased personnel and material costs. Total assets of teh bank had fallen slightly to DM 90.2bn at end-June compared with DM 90.8bn at the end of 1981.

Foreign Swiss debt rises

BY JOHN WICKS IN ZURICH

FOREIGN Swiss franc borrowings reached a record SwFr 21.4bn ($10.2bn), in the first half of this year. Figures issued by the Swiss National Bank show that this was due largely to a jump in the issue of privately-placed medium-term notes to SwFr 9.8bn from SwFr 5.1bn.

Foreign borrowings on the long-term public capital market also look like reaching a new peak for 1982 as a whole.

In the first half, new issues amounted to almost SwFr 4.8bn, compared with SwFr 3.6bn.

Bank loans to foreign borrowers rose more slowly, amounting to some SwFr 6.85bn, compared with rather less than SwFr 6.47bn previously. Finance credits increased from SwFr 5.2bn to SwFr 6.17bn, but recessionary trends led to a drop in export credits from SwFr 1.39bn to only SwFr 681m.

Dunlop Malaysian suffers fall in mid-term earnings

BY WONG SULONG IN KUALA LUMPUR

DUNLOP MALAYSIAN Industries, which is the object of a takeover offer from Pegi, the Malaysian investment group, has reported lower 1982 first-half profits and is forecasting similar results for the second half.

Group pre-tax earnings were 18.89m ringgit ($8m), a decline of 13 per cent, on turnover down by 4 per cent to 128m ringgit. After-tax profits were 10.7m ringgit, a fall of 7 per cent.

The performance was affected by sluggish tyre sales in the local market aggravated by fierce competition in export markets.

Imports of tyres from Japan and Korea into East Malaysia had reached "alarming proportions," and the group's associate, IT International, which recently commissioned a plant in Kedah State, had asked the Malaysian Government to act on the influx.

The only bright spot for the group was its associate tile manufacturer, H. and R. Johnson (Malaysia), which had buoyant sales because of the strength of the construction industry.

The company is declaring a 7.5 cents interim dividend, compared with 12.5 cents previously.

Dunlop Holdings of the UK has agreed to sell its 51 per cent stake in DMI to Pegi for 255m ringgit, valuing DMI at 5 ringgit per share.

The deal has been criticised by DMI minority shareholders because Pegi is not offering them a cash option, but exchanging every 1,000 DMI shares for 2,900 Pegi shares.

Since the deal was announced last month, both DMI and Pegi shares have fallen and are currently traded at 3.8 and 2.25 ringgit respectively.

Keppel Shipyard raises income

KEPPEL SHIPYARD of Singapore has reported pre-tax profit of S$83.7m (US$389m) for the six months ended June, an increase of 12.6 per cent from S$65.5m a year earlier, AP-DJ reports.

Tax took S$28m (S$21.9m a year earlier) and minorities S$14.5m (S$4.1m), making a group net attributable profit of S$41.2m (S$27.3m). The company, which recently got a London stock listing, reported group net profits of S$37.2m for all of last year.

Birla reaps benefits of growth outside India

BY R. C. MURTHY IN BOMBAY


Mr G D Birla architect and leader of the Birla empire

TWO INDIAN business empires stand out above all others—Tata, under the guidance of the patriarchal figure of Mr J. R. D. Tata, and Birla, under the patriarchal leadership of Mr Ghanshyam Das Birla, popularly "GD," the architect of the conglomerate, and its head for more than half a century.

At Industry House in the centre of Bombay, the Birla group's headquarters, hangs a photograph of GD shaking hands with a smiling President Marcos of the Philippines.

The President had invited the group to set up industries in the Philippines, says Mr Aditya Vardhan Birla, the Massachusetts Institute of Technology-educated grandson of GD.

There is also a photograph of Mrs Indira Gandhi, India's Prime Minister, and of a group of Birla family members with the King and Queen of Thailand. These pictures reflect the strength of Birla connections in and outside India.

Birla has worked hard to achieve such relationships. "We have built in just five months and 29 days a large spinning mill in the Philippines, a project which normally takes more than a year," says Mr Aditya Birla. The Philippines Government responded by asking Birla in May to bid for setting up a 60 tonnes a day staple fibre project on a turnkey basis.

The Birla companies have also joined hands with multinationals to set up projects in South-east Asia. The Indo-Thai Carbon Company, for example, is a tripartite venture between Birla, Phillips Petroleum of the U.S., which supplied the technology, and local participants.

One of the latest projects to be commissioned is a staple fibre plant in Indonesia.

Birla ventured abroad in the late 1960s primarily to get away from the stifling restrictions on industrial expansion by big business houses. These are defined as companies with assets of more than Rs 200m ($21m) and the restrictions are framed in India's Monopolies and Restrictive Trades Practices Act.

The Birlas went first to Africa to set up a textile mill in Ethiopia, and later a pulp and paper plant in Nigeria. The total of Birla investment overseas is about Rs 2.25bn ($236m) in assets and working capital, says Mr Aditya Birla.

The anti-monopolies legislation came about, according to Dr R. K. Hazari, a former deputy governor of the Reserve Bank of India, because Birla and other large houses tried to corner government licences for industrial plants to pre-empt new competitors.

Since the MRTPA came into force in 1969, the number of companies forming the Birla empire has been a matter for dispute between the Government and the group.

The Birlas see the family business as a far flung and loosely structured collection of companies. "We take decisions independently and compete fiercely for market share," says Mr Aditya Birla. The usual practice is to install a member of the family at the head of each company. Thus, for example, Mr Ganga Prasad Birla, a nephew of GD, runs Hindustan Motors, the Calcutta based maker of motor vehicles. Mr K. K. Birla, GD's son, runs Texmaco, a large Calcutta engineering company which makes textile machinery, railway wagons and road rollers.

MAJOR BIRLA COMPANIES RANKED BY 1981 ASSETS

	Rsm
Gwalior Rayon Silk	2,031.3
Century Spinning	1,361
Hindustan Aluminium	1,320
India Steamship	1,145.6
Hindustan Motors	1,023.6
Renusagar Power	900.6
Birla Jute	766.6
Zuari Agro Chemicals	636.7
Kesoram Ind. & Cotton Mills	618.9
Orient Paper	569.6
Jiyajirao Cotton Mills	475.5
Ratnakar Shipping	460.1
Indian Rayon	415.8
Texmaco	415.6
Bihar Alloy Steels	396.7

One exception to the family rule is Mr D. P. Mandelia who for 40 years has been a highly valued and trusted adviser to the family.

The Government reckons that the Birla empire consists of more than 150 investment and manufacturing companies with total assets of Rs 14.32bn ($1.5bn).

Birla has a stake in all major fields of industrial activity except steel which is reserved for the public sector. Tata Iron and Steel is the only integrated steel mill in the private sector because it pre-dates the policy.

Private investors clearly look at Birla as a group of companies rather than separate concerns. Thus the name of Birla is a magnet for support for share offers.

"Rarely does a Birla company fail to get overwhelming response from investors," says Mr Arvind Dalal, whose stock-broking company has been associated with Birla for generations.

Investors are usually rewarded. For example, when Birla took a stake in the ailing Indian Rayon Corporation 10 years ago, IRC's Rs 10 par value shares were quoted below par. Recently they touched a record high of Rs 101.

The jewels of the Birla crown are Century Spinning and Manufacturing, Gwalior Rayon Silk Manufacturing (Weaving), and Hindustan Aluminium.

Century Spinning, a diversified company with interests in cotton textiles, caustic soda, tyre cord, cement and shipping, has been the market leader on the Bombay Stock Exchange for more than 10 years.

Gwalior Rayon was started soon after India's partition in 1947 to exploit the opportunities thrown up by India's loss of cotton-growing areas to Pakistan. Gwalior has since developed man-made fibre technology.

Analysts say that many Birla companies are blue chips for two reasons. Firstly, having graduated from trading to manufacturing (GD's father was a jute trader in Calcutta), Birla tries to reward the investor and endeavours to keep the market value of its shares high.

Secondly, the Birla companies are financially oriented. The focus is on net value realisation and profits rather than on lifting the volume of production.

"We have various products ranging from cement to staple fibre and electrical ceramic insulators. The common denominator can be only rupees," says Mr Aditya Birla.

The Birla group has a unique system of evaluation of their top executives. Birla has refined "Padtha," a term in Marwari dialect spoken in Marwar (a pocket in the northern state of Rajasthan) to mean "net cash inflow."

Padtha is a method of financial budgeting practised by all Marwaris, a small trading community to which the Birla family belongs. Padtha is the residue of incremental cash sales after setting off incremental cash costs.

Prof S. K. Bhattacharyya, a top Bombay management consultant, says the concept goes beyond cost accounting-based budgeting because the focus is on cash generation.

The budget is set normally for a year and is subdivided into 12 monthly targets. The top manager, normally a Birla, has to be informed by telegram each day of the company's performance for the previous day in the prescribed format, with reasons for deviation from Padtha, if any.

Birla watchers say any shortfall in Padtha at the end of the year is considered a loss, even if the profit is higher than in the previous year. The Birla executives at the plant level have full freedom to take decisions once Padtha is set and is rewarded adequately for exceeding the target.

Birla is prepared to explore and to exploit any growth opportunities in Indian industry, and there are more now that the Government has recently relaxed its tight controls on the diversification of large houses.

Following a shortage of cement capacity, for example, the sector was opened up to more companies. Birla concerns are seizing this opportunity and will soon have a combined capacity that will exceed the current industry leader, Associated Cement which has capacity of about 11m tonnes a year equal to about 45 per cent of the country's present capacity.

The only Birla concern that has failed in the past 20 years was the Bombay-based Hind Cycles which made the traditional form of Indian mechanised transport. In common with other companies in the organised sector, Hind could not compete with products made in the backyards of the rural Punjab.

The sick company, closed by the Birlas for many years, has been taken over by the state government and is being run with government subsidies to provide jobs.

GD, tradition bound and deeply religious, has turned like other Indian business moguls to philanthropy in fields such as health and education. But the family has added a new dimension to such works by providing a place of Hindu worship at almost every Birla factory. The temples are dedicated to one of the pantheon of Hindu gods worshipped in each region. At Hyderabad, in the southern state of Andhra Pradesh, for instance, Birla has built a temple atop a rocky hillock overlooking the city.

Who is to take up GD's legacy? The third Birla generation has thrown up many enterprising entrepreneurs. Apart from Aditya Vardhan, there are Ashok Vardhan, Chandrakant and Sudarshankumar, all pressing ahead vigorously with industrial expansion plans.

WORLD STOCK MARKETS

Early Wall St retreat of 7.2

UNDER PRESSURE from Israel's siege of Beirut and indications that the decline in U.S. interest rates may have ended for the near-term, *Wall Street* retreated in fairly active early dealings yesterday, extending Tuesday's late downturn.

The Dow Jones Industrial Average was down 7.23 at 809.17 at 1 pm, while the *NYSE All Common Index* fell 64 cents to $61.27 and declines exceeded rises by a ratio of three-to-one. Trading volume decreased to 33.04m shares from the previous day's 1 pm heavy total of 44.37m.

Analysts said investors are concerned that the fighting in Lebanon could lead to the involvement of other Middle East nations.

The market was also undercut by signs that the Federal Reserve may want to keep interest rates at their present levels, at least for the time being.

The Fed unexpectedly drained reserves from the banking system on Tuesday and took the same action again yesterday morning. Analysts said this could have the effect of stopping further declines in the key Federal Funds Rate, which is presently at the relatively low level of 10¼ per cent.

Declines were posted by Oil, Drug, Computer and Transportation issues.

Home Computer Makers continued to weaken, as they have all week following the news that Texas Instruments is offering a $100 rebate on its personal computer. Tandy was the volume leader and recovered ¼ to $25⅝, but Commodore lost ½ more to $30½ and Warner Communications ⅛ to $40½, both in active trading. Texas Instrument was down 1⅞ to $85½.

THE AMERICAN SE Market Value Index receded 2.50 to 248.62 at 1 pm. Volume 2.29m shares.

Closing prices for North America were not available for this edition.

Canada

Markets were no worse than mixed at mid-session despite the *Wall Street* weakness. The Toronto Composite Index edged up 0.9 to 1,424.5 and Oil and Gas picked up 5.0 to 2,425.5, although Golds slipped 24.6 to 1,742.7 and Metals and Minerals 2.1 to 1,326.8.

Among the actives, **Selkirk Communications** Class "A" was up ¼ at C$10, *Northern Telecom* slipped 1½ to C$43½, **Dome Petroleum** eased 5 cents to C$4.95 and *Noranda* shed ⅛ to C$14⅛.

Imasco, up ¼ at C$40, said it expects the earnings growth of the first quarter to continue through the year. It reported first quarter earnings of C$1.63 a share, compared with C$1.32 a year-ago.

Tokyo

A fall in the yen against the U.S. dollar and the overnight easier close on *Wall Street* left Tokyo shares mainly weaker yesterday, with investors concerned about the apparent halt in the recent decline in U.S. interest rates.

A trader said the downtrend in U.S. interest rates appeared to have levelled off before they had fallen as low as the market had hoped. He expects weakness in the market to continue through next week and is recommending that investors buy selected speculatives.

Another trader said the market may be more sensitive to bad news during the current holiday season because of the low level of trading.

The Nikkei-Dow Jones Average retreated 47.13 to 7,166.28 and the Tokyo SE index 2.52 to 530.04. Moderate trading conditions resulted in a volume of 240m shares, but was above Tuesday's 200m.

Export-orientated issues, including Precision Instruments, Motors, Computer Manufacturers and Light Electricals, led the decline, along with Oils.

Pharmaceuticals and Non-ferrous Metals, favourities in recent sessions, were unable to hold their ground and closed easier, but elsewhere, a handful of speculatives advanced.

Share prices of **Fujitsu** and its subsidiary **Fanuc** fell in the morning session on reports that the EEC plans to investigate Fanuc and its trade partner Siemens, of West Germany, on suspicion of engaging in illegal trade practices related to the sale of computerised numerical control systems for machine tools. The report could not be confirmed immediately in Tokyo. **Fujitsu** was down Y18 at Y748 at the close.

Hitachi dipped Y10 to Y569, **Sony** Y30 to Y3,270, **Toyota Motor** Y7 to Y835, **Nissan Motor** Y6 to Y734, **Canon** Y12 to Y766, **Fuji Photo** Y30 to Y1,400, **Nippon Electric** Y14 to Y754, **Sharp** Y18 to Y857 and *Nippon Oil* Y12 to Y865.

Takeda lost Y20 to Y811 and **Fujisawa Pharmaceutical** Y20 to Y1,370, while **Mitsubishi Metal** shed Y6 to Y267.

Germany

Against the background of a strong dollar, a hardening of some U.S. interest rates and a softening Domestic Bond market, Bourse prices mostly turned downwards early yesterday. However, shares tended to pick up later, making a rather mixed showing on balance, with sentiment aided by news of nine-months' profits growth for Electricals concern Siemens.

Siemens finished DM 1.60 higher at DM 223.30, while **Bayerische Vereinsbank**, which announced a 25 per cent rise in interim profits, edged up 10 cents on balance to DM 278.10.

Public Authority Bonds registered declines ranging to ¼ of a point, with the Bundesbank buying DM 23.4m of stock.

Australia

After Tuesday's good rally, stock prices were inclined to ease yesterday in quiet trading, especially the Heavyweight Resources issues favoured in the prior session.

Wall Street's afternoon downturn on Tuesday in line with declining credit markets undermined sentiment, adding to the bearish tone was a report from the Commonwealth Bank saying that the prospects for softer local interest rates are becoming increasingly dim.

BHP lost 8 cents to A$7.12, while declines of 10 cents were seen in **CRA**, A$3.20, **CSR**, A$2.80, **Pancontinental**, A$1.20, and **North Broken Hill**, A$1.95; **MIM** slipped 8 cents to A$2.92 and **Western Mining** 7 cents to A$3.18.

Hong Kong

The market lost further ground at the outset on continuing Hong Kong dollar weakness, but met technical support later and finished narrowly mixed on the day.

Chart considerations sparked off the subsequent recovery, but dealers expect the rally to be shortlived with uncertainty over Hong Kong's future continuing to overshadow the market.

The Hang Seng Index, following Tuesday's fall of 35 points, closed just 0.77 easier at 1,146.51 after an initial fresh decline of about 8½ points. There was another moderate turnover, amounting to HK$177.57m in the short Wednesday session compared with HK$201.10m registered in the normal length session the previous day.

Johannesburg

Gold shares declined in moderate activity in line with the easier Bullion price. Heavyweight **Randfontein** lost R3.50 at R59.50, while cheaper-priced producers shed up to 50 cents, as in Kinross at R12.50.

Mining Financials and other Minings mirrored the Gold shares trend. **Anglos** shed 40 cents to R12.90 and **Rustenburg Platinum** 17 cents to R3.50.

NEW YORK

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

DENMARK

FRANCE

ITALY

NORWAY

HONG KONG

SINGAPORE

SWEDEN

SOUTH AFRICA

GERMANY

JAPAN

AUSTRIA

SWITZERLAND

BELGIUM/LUXEMBOURG

Financial Rand US$0.7622 (Discount of 12%)

BRAZIL

Indices

NEW YORK — DOW JONES

STANDARD AND POORS

N.Y. S.E. ALL COMMON

MONTREAL

TORONTO

NEW YORK ACTIVE STOCKS

Gilts consolidate but equity markets overshadowed by worries about the economy—Index down 5.9 at 560.3

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
July 19	July 29	July 30	Aug 9
Aug 2	Aug 12	Aug 13	Aug 23
Aug 16	Sept 2	Sept 3	Sept 13

* "New-time" dealings may take place from 9.30 am two business days earlier.

The two main investment sectors of London stock markets ran out of steam yesterday. The prospect of a continuation of the interest rate downtrend failed to generate further buying enthusiasm and equity markets turned dull. Gilt-edged securities, in contrast, held steady to firm but lacked fresh impetus after the recent strong advance.

Tuesday's announcement of a £500m tranche of existing Treasury stock and the overnight setback in U.S. bonds unsettled sentiment in Gilts. After showing minor losses at the opening, however, medium and long-dated stocks began to edge higher and quotations at the close were usually ⅛ to ¼ better on balance. Short-dated issues also fluctuated narrowly before ending little altered on the day, although low-coupon stocks recorded fresh gains. Elsewhere, buyers exhausted supplies of the Treasury 2½ per cent 2011 index-linked stock which closed ⅛ up at 96. The Government Securities Index hardened 0.09 more to 73.15.

Wall Street's failure on Tuesday to extend its recovery movement and a revival of fears about the U.K. economic outlook following the gloomy CBI business survey made for a dull start in leading shares which were marked a shade easier at the opening.

The appearance of buyers at the lower levels steadied the market, but quotations drifted off again in the absence of follow-through support. The final tone was not helped by yesterday's early weakness on Wall Street and the FT 30-share index closed 5.9 down at 560.3, its lowest of the day.

Interest generally was at a low ebb and few individual features emerged. Of the sectors, Buildings, bolstered of late by expectations of an early reduction in mortgage rates, turned easier following adverse comment, but Discount Houses moved to a 1982 peak.

Gerrard & National up

A firm sector of late on lower interest rate hopes and in sympathy with gilts, Discount Houses continued to improve. Gerrard and National attracted a good demand and the close was 11 higher at 306p, after 309p. Elsewhere, Barclays, which concludes the interim dividend season today, eased 4 to 402p. Bank of Ireland moved up 10 more to 260p in a thin market, while revived speculative support lifted Grindlays 4 to 174p.

A rising market on Tuesday following the encouraging beer production figures for June, leading Breweries turned dull in reaction to indications of disappointing consumption in July and the Brewers' Society's gloomy outlook regarding future volume growth. Grand Metropolitan, at 249p, gave up most of the previous day's gain of 6, while Allied-Lyons failed to gain impetus from favourable comment and eased 1½ to 114½p. Among subdued regionals, longtime takeover favourite Davenports firmed a penny to 168p following the announcement that perennial suitors Wolverhampton and Dudley, 2 up at 236p, has increased its stake to 9.4 per cent. Having made substantial gains recently on reports of buoyant sales, cider manufacturers paused for breath and were marked a shade lower following cautious Press comment. Merrydown Wine closed 8 off at 180p, while H. P. Bulmer, which announced that it was taking over the distribution of Domecq products in England and Wales, fell 10 to 575p.

Particularly firm recently on interest rate optimism, leading Buildings succumbed to scrappy selling following cautious Press comment. Blue Circle gave up 12 to 480p and BPB 15 to 440p, while Barratt Developments shed 5 to 300p. Elsewhere, Burnett and Hallamshire lost 20 to 830p, but Cement Roadstone put on 3½ to 58p, after 56½p, on talk that Irish interest rates would soon be reduced. Demand in front of today's preliminary results lifted Johnstone's Paints 4 to 97p, while James Latham added a couple of pence to 110p following the chairman's optimistic annual statement.

After opening a shade easier at 292p, ICI drifted back on light selling and ended 8 down at 288p. Against the trend, Coates Brothers A attracted further support and added 2 more to 76p. Elsewhere, Novo Industries B put on 2½ points to £121.

Stores lacked support and the leaders gave up most of the gains established on Tuesday. House of Fraser shed 4 to 148p, while Habitat Mothercare fell 5 to 158p. Gussies A closed 6 cheaper at 517p and Marks and Spencer eased a couple of pence to 164p. F. W. Woolworth became a nervous market in front of next week's interim statement and finished a penny off at 46p after a relatively active business.

Eurotherm lower

The proposed £7.8m rights issue depressed Eurotherm which dropped to 449p before closing 15 down on balance at 455p. Elsewhere, Standard Telephones and Cables continued to reflect the disappointing interim figures and the chairman's cautious remarks about the trading outlook with a further decline of 16 to 560p. Unitech fell 17 to 265p, after 260p, following comment on the results. By way of contrast, selected stocks dealt in the Unlisted Securities Market came in for some useful support; Miles 33 advanced 12 in a thin market to 133p, while Continental Microwave rose 25 to 470p and Feedback improved 4 to 114p. Apart from Thorn EMI, which closed 7 down at 423p, the leaders closed at, or near, the overnight levels.

Engineering leaders failed to take the previous day's rally and further as consideration of the bearish report from the CBI deterred buyers. TI at 94p, gave back the previous day's rise of 4. John Brown cheapened 2 to 44p as did GKN, to 140p and Hawker, to 332p. Elsewhere, offerings in an unwilling market left Peter Brotherhood 6 down at a 1982 low of 52p. G. M. Firth eased 4 to 151p and Greens Economiser 5 to 110p. Against the trend, Hallite were outstanding with a jump of 17 to 201p in response to the near-42 per cent final dividend increase and the better-than-expected profits.

Business in Foods contracted and quotations closed easier for choice. Kwik Save closed 4 down at 262p and J. Sainsbury 3 off at 335p, while Tesco softened a penny to 82p. Elsewhere, British Sugar stayed at 465p following a further circular urging shareholders to ignore S. and W. Berisford's 470p per share bid for the company; Berisford shed 3 to 137p and the company stated that the offer would not be increased. Cullens A put on 6 for a two-day gain of 20 to 183p as vague takeover rumours revived, while soft-drink concern Somportex rose 5 to 90p on seasonal influences.

Turner & Newall rally

Heavily sold and down 11 the previous day on adverse rumours amid mounting concern about the asbestosis controversy, Turner and Newall had already rallied to 36p before improving afresh to close 7 up at 39p following the company's firm denial of liquidity problems. Elsewhere, encouraging reports emanating from an analysts' meeting with the company helped the recently weak Rank Organisation to pick up 7 to 133p and also brought about a sympathetic rise of 10 to 180p in the associated A. Kershaw.

Secondary issues were featured by Brady Industries as the ordinary jumped 87 to 128p and the A 50 to 93p in order to match terms of the expected cash bids from Tarmac, a couple of pence harder at 300p. Speculative buying in a short market on revived takeover suggestions helped Pauls and Whites to advance 11 more to 249p, after 252p, while Scottish Heritable Trust rose 5½ to 47½ in the wake of director share sales. Still on the Sunlight Service bid situation, Johnson Group Cleaners rose 6 to 264p amid hopes of a draw strength from the recent excellent results. Fobel advanced 6 more to 45p. Interim profits from J. Bibby fell short of best expectations and the shares gave up 10 to 280p. English China Clays remained on offer at 160p, down 4.

Following U.S. advices, Minsto came on offer in the Leisure sector and, in an unwilling market, dropped 23 to 132p. Elsewhere in the Leisure sector, revived demand in a thin market lifted Samuelson Film Service 10 to 175p, while Barr and Wallace Arnold Trust A added 2 to 70p following an investment recommendation.

Doubts about the pace at which interest rates may continue to fall induced scrappy selling in recently firm Properties, Land Securities losing 8 to 282p and MEPC 4 to 191p. Profit-taking clipped 6 from Great Portland Estates, to 160p, and 5 from Stock Conversion, to 290p. Elsewhere, small selling in unwilling markets left Pennine down 1¼ at a 1982 low of 24p and Laganvale Estates 2 cheaper at 23p. Against the trend, Marler Estates met revived speculative interest and put on 3 to 66p, while Mountview Estates added 2 to 172p awaiting reports of the annual meeting. Estate agents Bairstow Eves hardened a penny to a peak of 58p compared with the recent placing price of 46p.

Oils drift

Already a few pence easier in line with the general market trend, Oils met fresh scattered selling in after-hours' trading on early Wall Street indications and closed at the day's lowest levels. British Petroleum settled 4 cheaper at 266p and Shell 6 off at 386p, while Ultramar lost 5 to 385p. Lasmo ended 10 down at 285p. Selected Irish issues went better, Aran adding a penny to 15p and Bula Resources 2 to 10p.

Financials again featured stockjobbers Akroyd and Smithers which rose 5 for a two-day gain of 11 to a 1982 high of 243p reflecting the record levels of Gilt-edged turnover. Smith Bros, which does not run a gilt book, and announces preliminary results during this Account, held at 39p.

British and Commonwealth stood out among Shippings with an advance of 15 to 470p on investment support; Caledonia closed 11 higher at 406p. Reardon Smith A remained in demand and rose 3 more to 60p, but P & O Deferred eased a couple of pence to 155p.

Golds retreat

South African Golds opened sharply lower, in line with the overnight fall of $5 in the bullion price, but no real selling pressure developed. Prices rallied as bullion recovered around midday, but lost ground again towards the close on some light Continental selling.

Bullion finally closed at $345.5, down $5.25 and the Gold Mines index, at 255.8, gave up 5.3 of its recent advance.

Declines among the heavyweights were confined to about ½ at most, as in Buffels at £14½, Kloof at £14¼, Vaal Reefs at £30, Western Deep at £14, Free State Geduld at £12¼, President Brand at £14¼, President Steyn at £13 and Western Holdings at £15¼.

Medium-priced stocks showed Doornfontein 32 off at 794p, while Libanon fell 31 to 909p and Stilfontein 21 to 608p. The veteran Simmer and Jack went against the trend with a rise of 10 to 150p, the highest point of the year, as the stock caught up with other recent advances in the sector.

Some London interest lifted Johnnies ¼ to £32¼, but other South African Financials generally lost a little ground, as in Anglo American, 20 down at 565p.

In Diamonds, Anglo American Investment gave up ¾ to £26, in sympathy with the declines in Golds.

Platinums lost a little more ground, with Impala 4 off at 240p.

Australians fell following the lead from overnight domestic markets. Western Mining lost 7 to 181p, Poseidon and MIM Holdings 5 apiece to 115p and 164p respectively. Pancontinental fell 2 to 68p, a low for the year, after adverse comment on the viability of the Jabiluka uranium deposit.

Demand for Traded Options declined sharply and only 812 contracts were done—the lowest total since June 28. Interest in the August series, which expires next Wednesday and has boosted business of late, was almost non-existent. British Petroleum attracted 146 calls, 142 of which were struck in the October 280s, while Imperial Group and Lonrho recorded 131 calls apiece, the latter awaiting today's first-half results.

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
July 26	Aug 6	Oct 28	Nov 8
Aug 9	Aug 20	Nov 11	Nov 22
Aug 23	Sept 3	Nov 25	Dec 6

For rate indications see end of Share Information Service.

Call options were struck in Tesco, ICL, Sound Diffusion, TI, KCA Drilling, Berkeley Exploration, Turner and Newall, Bio-Isolates, Forward Technology, Charter Consolidated, Chloride, and Riley Leisure. A put was done in De Beers Deferred, while doubles were arranged in Turner and Newall, De Beers Deferred and Grand Metropolitan.

SHARE STAKES

Carlton Real Estates—London and Manchester Securities has acquired 961,668 ordinary shares (17.1 per cent) from Mr M. F. Keegan, Mr R. J. L. Henstock and Mr M. D. Selwood, directors of CRE, who following the acquisition, resigned from the board.

Scottish Road Services—As at the July 8 National Freight Company became the registered owner of a total of 366,575 (7 per cent) cumulative preference shares of £1 each. Together with the ordinary share capital already wholly-owned, this gives National Freight an interest of over 90 per cent in the total issued share capital.

Afex Corporation — Western Selection sold 25,000 shares on July 12 and a further 25,000 shares on July 21. Its holding is now 795,000 shares (8.93 per cent).

Arenson Group — Mrs V. Arenson and J. H. Sacks as trustees of the Arenson Charitable Trust have disposed of 28,759 ordinary shares, reducing their holding to 146,094 shares (11.453 per cent).

FINANCIAL TIMES STOCK INDICES

	Aug. 4	Aug. 3	Aug. 2	July 30	July 29	July 28	A year ago
Government Secs.	73.15	73.06	72.79	72.52	72.23	72.39	64.00
Fixed Interest	73.30	73.22	78.92	73.11	73.00	73.11	65.79
Industrial Ord.	560.3	566.2	566.8	556.5	552.4	561.9	532.0
Gold Mines	255.8	261.1	258.5	242.7	231.1	231.7	316.3
Ord. Div. Yield	5.26	5.22	5.27	[illegible]	[illegible]	5.37	5.98
Earnings, Yld.% (full)	11.27	11.22	11.34	11.39	[illegible]	11.31	10.86
P/E Ratio (net) (*)	10.70	10.75	10.63	10.68	10.70	10.72	11.18
Total bargains	15,688	16,846	13,196	18,544	15,694	13,253	14,260
Equity turnover £m.	—	154.83	110.19	143.57	129.70	100.16	80.97
Equity bargains	—	12,752	11,950	12,650	18,158	11,070	11,064

10 am 562.2. 11 am 562.4. Noon 562.0. 1 pm 561.4. 2 pm 561.4. 3 pm 561.4.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974. Latest Index 01-246 8026.

HIGHS AND LOWS — S.E. ACTIVITY

	1982 High	1982 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs	73.15 (4/8)	61.69 (6/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	73.30 (4/8)	62.79 (7/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	594.0 (6/4)	518.1 (5/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	302.0 (5/1)	181.2 (2/6)	558.9 (22/9/80)	43.5 (26/10/71)

	Aug. 4	Aug. 3
Daily Gilt Edged Bargains	234.7	216.8
Equities Bargains	82.5	77.5
Value	323.0	[illegible]
5-day Average Gilt Edged Bargains	198.5	192.5
Equities Bargains	78.5	77.8
Value	259.8	248.1

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. t Indicated dividend; cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend; cover based on previous year's earnings. F Dividends and yield based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. ¶ Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ‡‡ Unlisted Securities Market. ‡ Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(a). ‡‡ Unit comprising five ordinary and three Cap. shares. ⊕ Issued free as an entitlement to ordinary holders.

TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Tuesday's closing price pence	Day's change	Stock	No. of changes	Tuesday's closing price pence	Day's change
Johnson Clrns	16	278	+16	BP	10	270	+4
Std Tel Cables	14	576	+11	Brown (J.)	10	44	+3
Barclays Bank	11	406	+13	De Beers Dfd	10	245	+3
Barratt Dev	11	305	+2	Eng China Clys	10	164	+3
Racal Elec	11	478	+3	Unilever	10	625	+7
Rank Org	11	126	+8	GUS A	10	515	+10
Beecham	10	296	+8	Lloyds Bank	8	400	+7

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
BPB	440	−15	ICI	288	−8
Barratt Dev	300	−5	Pauls and Whites	249	+11
Blue Circle	480	−12	Rank Org	133	+7
Eurotherm	455	−15	Turner and Newall	39	+7
Gerrard & Nat	306	+11	Unitech	265	−17
Grand Met	249	−5	Woolworth	46	−1

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Wed Aug 4 1982

Figures in parentheses show number of stocks per section

FIXED INTEREST — AVERAGE GROSS REDEMPTION YIELDS

NEW HIGHS AND LOWS FOR 1982

NEW HIGHS (76)

NEW LOWS (37)

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	43	6	42
Corpns. Dom. and Foreign Bonds	[illegible]	[illegible]	54
Industrials	150	252	832
Financial & Props	81	105	346
Oils	8	37	62
Plantations	1	3	18
Mines	13	41	92
Others	72	27	49
Totals	382	471	1,594

APPOINTMENTS

Management changes at the Prudential

Mr Gordon Wood has been appointed deputy chief general manager of THE PRUDENTIAL ASSURANCE CO from October 1. Mr Brian Medhurst becomes general manager with responsibility for overseas business, also from October 1, when he will relinquish his appointment as joint chief investment manager. Mr Ronald Artus, currently joint chief investment manager, then becomes chief investment manager.

★

Mr Charles E. J. Wenham, managing director of the industrial division of SKETCHLEY, and Mr Bernard Gitlow, president of Reotex Services, New Jersey (recently taken over by the company) both join the main board of Sketchley.

★

Mr Raymond G. F. Coninx has joined DIBC (UK), banking consultants, as an executive director.

★

Mr H. G. S. Bourne and Mr R. A. Bourne have joined LAURIE MILBANK AND CO., stockbrokers, as associate members, both previously with Laurence Priest and Co. Mr H. Roland Bourne joins as consultant.

★

Mr Brian G. Henry has been appointed a non-executive director of REMPLOY.

★

THOMAS MEADOWS has appointed four regional directors —Mr Alex Gordon (Scotland), Mr Ron Cartmill (North), Mr Don Coles (Midlands) and Mr Eric Tadman (South).

★

Mr G. M. Hindle has been appointed sales director of GREENGATE CABLES, Manchester. He was home sales manager and replaces Mr P. D. Keegan, who becomes deputy managing director, Sterling Greengate Cable Exports, a company formed to take over overseas sales of cables made by both Sterling Cable Company and Greengate Cables Ltd. All these companies are members of Raytheon Company, European group of fine wire and cable companies.

★

Mr Chris Mazura, chief executive officer of Arnold Cellophane Corporation, has been elected to the board of MARDON PACKAGING CORPORATION. Mr Ken Morrison, general manager, has been appointed a director of Pan American Industries. Both companies are subsidiaries of Mardon Packaging Corporation. Mardon Packaging International is the packaging and printing operating group of BAT Industries. Mr Roger Cummins has been appointed works director of Forman Marshall, a member of the UK and European carton and print division of Mardon Packaging International.

★

WHITBURGH INVESTMENTS has appointed Mr John Dowling as chairman of its technology company Whitburgh Automation and its subsidiary Minster Automation, based at Wimborne.

★

Lord Parry of Neyland, chairman of the Wales Tourist Board, has been appointed a member of the BRITISH RAILWAYS (WESTERN) BOARD.

★

Mr Peter Hammond, managing director of Eros Mailing Company has been appointed to the EDMAN GROUP executive board.

★

Mr Michael S. Henderson has been appointed managing director of BRITISH SISALKRAFT. Mr David Shuttlewood becomes manufacturing director and Mr John Waters is appointed financial director. Mr Henderson succeeds Mr Ray Pittar who moves full time as divisional managing director of all St Regis packaging operations in the UK including St Regis Printing and Flexible Packaging and Tillotsons Packaging both members of the St Regis International group.

CURRENCIES and MONEY

Dollar strong

The dollar rose sharply yesterday in response to higher Euro-dollar rates. This followed action by the U.S. Federal authorities to drain reserves from the U.S. money market yesterday and on Tuesday. There was also a dissapointing reaction to the Treasury's latest funding programme.

Sterling lost ground against the dollar but continued to improve in terms of other European currencies despite further cuts in domestic rates.

DOLLAR — Trade weighted index (Bank of England) 121.0 against 119.9 on Tuesday and 111.4 six months ago. Three-month Treasury bills 9.83 per cent (13.64 per cent six months ago). Annual inflation 7.1 per cent (6.7 per cent previous month)—The dollar closed at DM 2.4860 against the D-mark up from DM 2.4390 and SwFr 2.1125 from SwFr 2.0725. It rose to its best level since September 1977 against the yen, closing at Y260.35 from Y257.80.

STERLING — Trade-weighted index 91.6 against 91.7 at noon, 91.6 at the opening and 91.7 on Tuesday (91.7 six months ago). Three-month interbank 11⅝ per cent (14⅜ per cent six months ago). Annual inflation 9.2 per cent (9.5 per cent previous month) — Sterling closed at $1.7275-1.7285 against the dollar, a fall of 2.15c. At one point it touched a low of $1.7250 having been as high as $1.7400 earlier in the day. It rose against the D-mark however to DM 4.2975 from DM 4.27 and was higher against the Swiss franc at SwFr 3.6550 compared with SwFr 3.6275. Against the French franc it finished at FFr 11.8350 from FFr 11.8700.

D-MARK — EMS member (weakest). Trade-weighted index 125.1 against 125.8 on Tuesday and 121.3 six months ago. Three-month interbank 9.30 per cent (10.225 per cent six months ago). Annual inflation 5.7 per cent (5.8 per cent previous month)—The D-mark lost ground at yesterday's fixing against the dollar and sterling and several of its EMS partners. The D-mark's weaker trend was mainly a reflection of the upturn in U.S. interest rates. The dollar was fixed at DM 2.4773, up from DM 2.4247, although the Bundesbank sold $30.1m at the fixing. Sterling rose to DM 4.2890 from DM 4.2590 while the Swiss franc slipped to DM 1.1756 from DM 1.1788. Within the EMS the French franc improved to DM 35.94 per FFr 100 from DM 35.935 and the Dutch guilder to DM 90.68 per Fl 100 compared with DM 90.59. On the other hand the Belgian franc was easier at DM 5.236 per BFr 100 against DM 5.24.

BELGIAN FRANC — EMS member (third weakest). Trade weighted index 93.1 against 93.4 on Tuesday and 104.2 six months ago. Three-month Treasury bills 14¼ per cent (13.15 per cent six months ago). Annual inflation 8.9 per cent (9.8 per cent previous month)—The Belgian central bank did not intervene in the foreign exchange market last week according to figures released yesterday. The Belgian franc has been relatively strong lately, enabling the authorities to reduce the discount rate to 13½ per cent from 14 per cent last week. The Belgian franc was mostly firmer at the fixing in Brussels. The dollar slipped to BFr 47.26 from BFr 46.3175 and the D-Mark was lower at BFr 19.0930 compared with BFr 19.1040. Sterling rose to BFr 81.98 from BFr 81.3575.

JAPANESE YEN — Trade weighted index 130.3 against 130.7 on Tuesday and 138.7 six months ago. Three-month bills 7.28125 per cent (6.59375 per cent six months ago). Annual inflation 2.2 per cent (2.3 per cent previous month)—The yen showed little overall change against the dollar in Tokyo yesterday. The dollar closed at Y258.20, up from an opening of Y258.0 and sharply firmer than Tuesday's close of Y255.25. Although not showing much movement during the day, the dollar was firmer than Tuesday's level as U.S. interest rates started to firm. Trading was quieter than usual with the onset of summer holidays.

THE POUND SPOT AND FORWARD

Aug 4	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.7250-1.7400	1.7275-1.7285	0.03c pm-0.07dis	−0.14	0.43-0.53dis	−1.11
Canada	2.1625-2.1790	2.1650-2.1660	0.82-0.92c dis	−4.82	2.20-2.30dis	−4.16
Nethlnd.	4.71-4.74	4.72½-4.73½	1½-1c pm	3.17	3½-2½ pm	2.54
Belgium	81.50-82.10	81.85-81.95	13-23c dis	−2.64	52-62 dis	−2.78
Denmark	14.84-14.92	14.90-14.91	1ore pm-par	0.40	6½-7½ dis	−1.84
Ireland	1.2410-1.2470	1.2460-1.2465	0.52-0.67p dis	−5.73	1.77-2.02dis	−6.08
W. Ger.	4.27-4.30½	4.29¼-4.30¼	1⅛-⅞pf pm	3.14	3⅛-2⅞ pm	2.67
Portugal	146.50-148.50	146.50-147.00	100-285c dis	−15.74	235-755dis	−13.49
Spain	194.00-195.25	194.00-194.50	85-110c dis	−6.02	320-363 dis	−7.03
Italy	2,388-2,400	2,391-2,393	18½-19½ lire dis	−9.03	53½-55½ dis	−9.20
Norway	11.51-11.56	11.52-11.54	4½-5¼ore dis	−5.24	10¾-11½ dis	−3.92
France	11.80-11.95	11.83-11.84	3¼-4¼c dis	−3.77	15½-16½ dis	−5.36
Sweden	10.57-10.67	10.57-10.59	3½-4½ore dis	−4.39	9-10 dis	−3.59
Japan	448-454	449½-450½	2.00-1.90y pm	5.07	5.10-4.90 pm	4.44
Austria	30.00-30.25	30.05-30.10	9½-8½gro pm	3.18	25-18½ pm	2.89
Switz.	3.63½-3.68½	3.65-3.66	2⅝-2⅜c pm	8.62	6¾-6½ pm	7.11

Belgian rate is for convertible francs. Financial franc 86.85-86.95. Six-month forward dollar 1.68-1.78c dis. 12-month 2.70-3.85c dis.

THE DOLLAR SPOT AND FORWARD

Aug 4	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7250-1.7400	1.7275-1.7285	0.03c pm-0.07dis	−0.14	0.43-0.53dis	−1.11
Ireland†	1.3860-1.4000	1.3860-1.3880	0.70-0.60c pm	5.60	1.80-1.60 pm	4.88
Canada	1.2535-1.2565	1.2540-1.2550	0.05-0.45c dis	−4.45	0.94-0.98dis	−3.06
Nethlnd.	2.7195-2.7355	2.7345-2.7355	0.75-0.65c pm	3.08	2.53-2.43 pm	3.64
Belgium	47.06-47.41	47.39-47.41	8-10c dis	−2.29	17-20 dis	−1.57
Denmark	8.5670-8.6100	8.5875-8.5925	0.45-0.20ore pm	0.45	1.40-1.90dis	−0.77
W. Ger.	2.4610-2.4870	2.4855-2.4865	0.69-0.64pf pm	3.21	2.36-2.31 pm	3.76
Portugal	84.60-85.60	84.80-85.10	60-160c dis	−15.54	120-410dis	−12.48
Spain	112.20-112.85	112.20-112.30	50-60c dis	−5.87	165-185 dis	−6.23
Italy	1,377-1,388½	1,384-1,385	10½-11 lire dis	−9.22	27¼-29¼ dis	−8.24
Norway	6.0250-6.6640	6.6575-6.6625	3.30-3.70ore dis	−0.30	6.70-6.10dis	−2.94
France	6.8500-6.9125	6.9075-6.9125	2.05-2.25c dis	−3.75	7.20-7.70dis	−4.33
Sweden	6.1050-6.1545	6.1080-6.1120	2.10-2.30ore dis	−4.31	3.90-4.10dis	−2.61
Japan	258.25-260.80	260.30-260.40	1.15-1.08y pm	5.10	3.62-3.52 pm	5.48
Austria	17.32-17.42	17.34-17.36	5.80-4.60gro pm	3.59	18.25-15.25pm	3.05
Switz.	2.0830-2.1150	2.1120-2.1130	1.62-1.54c pm	8.97	4.43-4.35 pm	8.31

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Aug. 3	Bank of England Index	Morgan Guaranty Changes %
Sterling	91.6	−30.0
U.S. dollar	121.0	+12.2
Canadian dollar	88.0	−10.1
Austrian schilling	117.7	+26.7
Belgian franc	95.1	−1.4
Danish kroner	80.1	−14.6
Deutsche mark	125.1	+48.3
Swiss franc	148.9	+96.0
Guilder	118.3	+03.3
French franc	74.0	−20.3
Lira	53.0	−58.2
Yen	130.3	+04.3

Based on trade weighted changes from Washington agreement December 1971. Bank of England Index (base average

CURRENCY RATES

August 4	Bank rate %	Special Drawing Rights	European Currency Units
Sterling		0.627242	0.551221
U.S. $	11	1.08676	0.054103
Canadian $	15.50	*	1.19795
Austria Sch.	6¾	18.8748	16.6024
Belgian F.	13½	51.3603	45.1057
Danish Kr.	11	9.31353	8.21534
D mark	7½	2.69225	2.36003
Guilder	8	2.66468	2.60563
French F.	9½	7.48071	6.57418
Lira	19	1504.89	1321.04
Yen	5½	280.485	248.416
Norwgn. Kr.	9	7.23361	8.35368
Spanish Pts.	8	122.513	107.391
Swedish Kr.	10	6.64119	5.84807
Swiss Fr.	5½	2.28872	2.01048
Greek Dr'ch	20½	73.7908	86.8010

* CS/SDR rate for August 3: 1.37310

OTHER CURRENCIES

Aug 4	£	$		£ Note Rates
Argentina Peso	38,116†	82,000†	Austria	29.05-30.23
Australia Dollar	1.7440-1.7470	1.0105-1.0110	Belgium	86.60-87.60
Brazil Cruzeiro	381.38-322.38	183.33-186.26	Denmark	14.85-14.90
Finland Markka	8.203-8.211	4.7300-4.7410	France	11.88-11.98
Greek Drachma	116.076-121.697	60.40-60.60	Germany	4.26¼-4.30¼
Hong Kong Dollar	10.44¼-10.46¼	6.04-6.06	Italy	2355-2395
Iran Rial	747.40*	*84.00	Japan	451-456
Kuwait Dinar (KD)	0.407-0.498	0.28729-0.08735	Netherlands	4.70½-4.74½
Luxembourg Fr.	81.85-81.96	47.38-47.41	Norway	11.48-11.58
Malaysia Dollar	4.1020-4.1090	2.3640-2.3680	Portugal	144½-161
New Zealand Dlr.	2.3540-2.3590	1.3825-1.3640	Spain	188½-198
Saudi Arab. Riyal	5.9605-6.9660	3.4393-3.4405	Sweden	10.68-10.68
Singapore Dollar	3.7310-3.7400	2.1535-2.1595	Switzerland	3.65¼-3.67¼
Sth. African Rand	1.0840-1.9853	1.1480-1.1490	United States	1.72-1.74
U.A.E. Dirham	6.3626-6.3680	3.8715-3.6725	Yugoslavia	94-103

† Rate shown for Argentina is commercial. Financial rate: 67,504-67,544 against sterling 38,830-39,000 against dollar. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU August 4	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9704	45.1067	+0.30	+0.10	±1.5501
Danish Krone	8.23400	8.21534	−0.23	−0.43	±1.6430
German D-Mark	2.33379	2.36203	+1.21	+1.01	±1.0888
French Franc	6.61387	6.57418	−0.60	−0.80	±1.3940
Dutch Guilder	2.57971	2.60563	+1.00	+0.80	±1.5004
Irish Punt	0.691011	0.687437	−0.52	−0.72	±1.6691
Italian Lira	1350.27	1321.04	−2.10	−2.16	±4.1369

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Aug. 4	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	1.728	4.298	450.0	11.935	3.635	4.730	2382.	2.166	81.90
U.S. Dollar	0.579	1.	2.487	260.4	6.907	2.115	2.737	1384	1.253	47.40
Deutschemark	0.233	0.402	1.	104.7	2.777	0.850	1.101	556.6	0.504	10.06
Japanese Yen 1,000	2.222	3.840	9.550	1000.	26.32	8.122	10.51	5316.	4.812	113.0
French Franc 10	0.838	1.448	3.601	377.0	10.	3.068	3.963	2004.	1.814	68.62
Swiss Franc	0.274	0.473	1.176	123.1	3.265	1.	1.294	654.4	0.588	22.41
Dutch Guilder	0.211	0.365	0.909	95.14	2.523	0.773	1.	505.7	0.458	17.32
Italian Lira 1,000	0.418	0.722	1.797	188.1	4.990	1.508	1.977	1000.	0.905	34.24
Canadian Dollar	0.462	0.798	1.985	207.8	5.511	1.688	2.184	1105.	1.	37.82
Belgian Franc 100	1.221	2.110	5.247	549.5	14.57	4.463	5.775	2921.	2.644	100.

FT LONDON INTERBANK FIXING (11.00 a.m. AUGUST 4)

3 months U.S. dollars		6 months U.S. dollars	
bid 12 5/8	offer 12 1/2	bid 13 1/4	offer 13 5/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Aug. 4	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	11¼-11½	10¼-10⅞	17-18	9-9¼	2¼-2½	8⅝-8⅞	14¼-14¾	17½-19½	14-15	14¼-14¾	6¾-6⅞	7-8½
7 day's notice	11¼-11¾	10¼-11⅛	16½-17½	9-9¼	3⅛-3¼	8⅝-8⅞	14-13	18-20½	15-16	14-14½	6½-6⅝	8½-10
Month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One Year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SDR linked deposits: one month 10⅝-11 per cent; three months 11⅛-11⅜ per cent; six months 11⅝-12⅛ per cent; one year 12⅛-12⅜ per cent. ECU linked deposits: one month 11⅛-11⅜ per cent; three months 11⅝-12⅛ per cent; six months 12¼-12⅜ per cent; one year 12⅜-12⅝ per cent. Asian $ (closing rates in Singapore): one month 11⅛-11⅜ per cent; three months 12⅛-12⅜ per cent; six months 13⅛-13⅜ per cent; one year 13⅜-13⅝ per cent. Long-term Eurodollars: two years 14⅛-14⅜ per cent; three years 14⅛-14⅜ per cent; four years 14⅛-15 per cent; five years 14⅛-15 per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two days' notice. The following rates were quoted for London dollar certificates of deposit: one month 11.30-11.40 per cent; three months 11.75-11.85 per cent; six months 12.50-12.60 per cent; one year 13.00-13.20.

MONEY MARKETS

Bank cuts dealing rates

UK clearing bank base lending rate 11½ per cent (since July 30 or August 2 and 3)

The Bank of England reduced its dealing rates yesterday for the second time this week, clipping ⅛ of a point from band 1 and ¼ of a point from bands 2 and 3. Interest rates fell accordingly as pressure increased on the clearing banks to cut their base rates from the current level of 11½ per cent. In the interbank market overnight money opened around 12 per cent and fell away to 1 per cent as the bank apparently over-assisted the market.

The Bank of England forecast a shortage of £450m with factors affecting the market including bills maturing in official hands and a net take-up of Treasury bills —£313m and the unwinding of previous sale and repurchase agreements —£298m. There was also an increase in the note circulation of £40m. These were partly offset by Exchequer transactions +£150m. The bank gave assistance in the morning of £504m, comprising purchases of £6m of eligible bank bills in band 1 (up to 14 days) at 11⅛ per cent, £179m in band 2 (15-33 days) at 11⅛-11⅛ per cent and £3m in band 3 (34-63 days) at 11⅛ per cent. It also arranged further sale and repurchase orders on £316m of bills at 11⅞ per cent, unwinding on August 12. There was no further assistance in the afternoon.

In Frankfurt the Bundesbank announced a new 28-day securities repurchase plan to inject funds into the money market on Friday, coinciding with a maturing facility of DM 6.4bn. There was no upper limit set on the amount of bids but the authorities did opt for a minimum rate of 8.5 per cent rather than a fixed rate. Much will depend on the final figure and the amount allocated. The last facility attracted a rate of 8.9 per cent and market sources suggested that this latest repurchase plan may well be allotted above 8.5 per cent, reflecting yesterday's sharp reversal in U.S. interest rates. The amount of the plan may give some indication as to how near or far from 9 per cent the authorities would like to see call money ahead of next Thursday's meeting of the Bundesbank central bank council where the possibility of a cut in the Lombard rate, currently standing at 9 per cent, cannot be ruled out.

In Paris the Bank of France lowered its call money rate to 14⅛ per cent from 15 per cent, the first change for nearly a month. The move came two days after the authorities had decided to cut the money market intervention rate to 14⅛ per cent from 14⅞ per cent, and was generally expected. Call money is now at its lowest level since mid-March.

EUROCURRENCIES

Euro $ firm

Euro-dollar rates were firmer yesterday, reacting to some extent to recent sharp falls. The market took note of Tuesday's action by the U.S. Federal authorities to drain reserves from the system, possibly indicating their desire to slow down the recent weaker trend. There was also disappointment at the level of response to Tuesday's sale of $6bn of three-year Treasury notes and the possibility of a similar response to the next $5bn of ten-year notes. The dollar's discount against sterling widened in forward trading helped also by a softer trend in Euro-sterling rates.

This was helped by further reductions in UK interest rates prompted by further cuts in Bank of England dealing rates. Elsewhere both the Swiss franc and D-mark showed higher premiums against the dollar in the forward market.

MONEY RATES

NEW YORK

Prime rate	15
Fed funds (lunch-time)	10⅛-10¼
Treasury bills (13-week)	9.83
Treasury bills (26-week)	10.84

GERMANY

Lombard	9.00
Overnight rate	9.00
One month	9.30
Three months	9.30
Six months	9.30

FRANCE

Intervention rate	14.625
Overnight rate	13.875
One month	14.5625
Three months	14.625
Six months	14.5625

JAPAN

Discount rate	5.5
Call (unconditional)	7.28125
Bill discount (3 month)	7.28125

LONDON MONEY RATES

Aug. 4 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Discount Company Deposits	Market Deposits	Treasury Bills	Eligible Bank Bills	Fine Trade Bills
Overnight	—	1-12	11⅛	—	—	8-12	—	—	—	—
2 days notice	—	—	[illegible]	—	—	—	—	—	—	—
7 days or...	—	—	[illegible]	—	—	—	—	—	—	—
7 days notice	—	[illegible]	[illegible]	—	—	[illegible]	—	—	—	—
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—	—
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
Two years	—	—	[illegible]	—	—	—	—	—	—	—

ECGD Fixed Rate Sterling Export Finance. Scheme IV. Average Reference Rate for interest period 12 July to 3 August 1982 (inclusive): 12.143 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates, nominally three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent. Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills [illegible] per cent; four-month trade bills [illegible] per cent.

Approximate selling rate for one month Treasury bills [illegible] per cent; two months [illegible] per cent and three months [illegible] per cent. Approximate selling rate for one month bank bills [illegible] per cent; two months [illegible] per cent and three months [illegible] per cent; one month trade bills [illegible] per cent; two months [illegible] per cent; three months [illegible] per cent.

Finance Houses Base Rates (published by the Finance Houses Association): 13 per cent from August 1, 1982. London and Scottish Clearing Bank Rates for lending 11½ per cent. London Deposit Rates for sums at seven days notice 8½ per cent. Treasury Bills: Average tender rates of discount 11.0802 per cent. Certificates of Tax Deposit (Series 5) 12 per cent from August 2 (the rate of interest supplement is nil). Deposits withdrawn for cash 10 per cent.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS

[illegible]

NOTES

[illegible]

INSURANCE & OVERSEAS MANAGED FUNDS

INSURANCES

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Black Horse Life Ass. Co. Ltd.

Canada Life Assurance Co.

Canada Life Assurance Co. of G. Britain

Cannon Assurance Ltd.

Capital Life Assurance

Chieftain Assurance Funds

City of Westminster Assurance

Clerical Medical Managed Funds Ltd.

Commercial Union Group

Confederation Life Insurance Co.

Continental Life Insurance PLC

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance Co. (UK)

Crescent Life Assurance Co. Ltd.

Crown Life

Crown Life—Continued

Crusader Insurance PLC

Eagle Star Insur./Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Equity & Law (Managed Funds) Ltd.

Family Assurance Society

G.T. Management Ltd.

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. C. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance P.L.C.

Hearts of Oak Benefit Society

Henderson Administration

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson PLC

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London A'deen & Nthn. Mtl. Assur. Ltd.

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

London & Manchester Gp.

M & G Group

Manufacturers Life Insurance Co.

Merchant Investors Assurance

Multiple Health and Life Assur. Co. Ltd.

NEL Pensions Ltd.

NPI Pensions Management Ltd.

National Provident Institution

New Zealand Ins. Co. (U.K.) Ltd.

Norwich Union Insurance Group

Pearl Assurance (Unit Funds) Ltd.

Phoenix Assurance Co. Ltd.

Pioneer Mutual Insurance Co. Ltd.

Planned Savings Group

Premium Life Assurance Co. Ltd.

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capital Life Assc. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited

Refuge Investments Limited

Reliance Mutual

Royal Life Insurance Ltd.

Save & Prosper Group

Schroder Life Assurance Ltd.

Scottish Amicable Investments

Scottish Mutual Assurance Society

Scottish Widows' Group

Standard Life Assurance Company

Sun Alliance Insurance Group

Sun Life of Canada (UK) Ltd.

Sun Life Unit Assurance Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Windsor Life Assur. Co. Ltd.

OFFSHORE AND OVERSEAS

Adig Investment

Albany Fund Management Limited

Allen Harvey & Ross Inv. Mgt. (C.I.)

Alliance International Dollar Reserves

Arbuthnot Securities (C.I.) Ltd.

Bank of America International S.A.

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bridge Management Ltd.

Britannia Intl. Investment Mngmt. Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

CAL Investments (IoM) Ltd.

Capitalex S.A.

Capital Asset Managers Ltd.

Capital International Fund S.A.

Charterhouse Japhet

Charterhouse Japhet Currency Mngt. Ltd.

Chawton Commodities (Isle of Man) Ltd.

Cornhill Ins. (Guernsey) Ltd.

Cortexa International

Craigmount Fixed Int. Mngrs. (Jersey)

DWS Deutsche Ges. F. Wertpapiersp

Delta Group

Deutscher Investment-Trust

Drexel Burnham Lambert

Dreyfus Intercontinental Inv. Fd.

Duncan Lawrie Inv. Mgt. Ltd.

Emson & Dudley Tst. Mgt. Jrsy. Ltd.

The English Association

Ermitage Management Ltd.

Eurobond Holdings N.V.

S.G. Europe Obligations S.A.

Euratex Investments Ltd.

Executive Life (C.I.F. Managers Ltd.)

F & C Mgmt. Ltd. Inv. Advisers

Fidelity International

Fleming Japan Fund S.A.

Frankfurt Trust Investment—GmbH

Free World Fund Ltd.

G. T. Management (U.K.) Ltd.

Gartmore Invest. Ltd. Ldn. Agts.

Gartmore Fund Managers (IOM) Ltd.

Assicurazioni GENERALI S.p.A.

Granville Management Limited

Guinness Mahon Int. Fund (Guernsey)

Hambro Pacific Fund Mgmt. Ltd.

Hambros Fd. Mgrs. (C.I.) Ltd.

Henderson Admin. & Man. (Guernsey)

Henderson Baring Group

Hill-Samuel & Co. (Guernsey) Ltd.

Hill Samuel Investment Mgmt. Intnl.

HK Fund Managers (Jersey) Ltd.

I.C. Trust Managers Ltd.

IGF Management Services Inc.

N.V. Interbeheer

International Bond Trust

International Pacific Inv. Mgmt. Ltd.

Investment Advisors, Inc.

Invicta Investment Management

Jardine Fleming & Co. Ltd.

Kleinwort Benson Group

Korea International Trust

Lazard Brothers & Co. (Jersey) Ltd.

Leopold Joseph & Sons (Guernsey)

Lloyds Bank (C.I.) U/T Mgrs.

Lloyds Bank International, Geneva

Lloyds Bank International, Guernsey

Louis Dreyfus Commodity Fund

M & G Group

Management International Ltd.

Manufacturers Hanover Asset Mgt.

Midland Bank Tst. Corp. (Jersey) Ltd.

Minerals, Oils Res. Shrs. Fd. Inc.

Samuel Montagu Ldn. Agents

Murray, Johnstone (Inv. Adviser)

Nat. Westminster Jersey Fd. Mgrs. Ltd.

Negit S.A.

N.E.L. International Ltd.

Northgate Unit Tst. Mngrs. (Jersey) Ltd.

Pacific Basin Fund

Phoenix International

Providence Capital International Ltd.

Quest Fund Man. (Jersey) Ltd.

Quilter/Reinold Commodities

RBC Investment Managers Limited

Ramínco Managers Ltd.

Richmond Life Ass. Ltd.

Rothschild Asset Management (C.I.)

Save & Prosper International

Schroder Mngt. Services (Jersey) Ltd.

J. Henry Schroder Wagg & Co. Ltd.

Schroder Unit Trust Mgrs. Int. Ltd.

Scrimgeour Kemp-Gee Mngmt., Jersey

Sentry Assurance International Ltd.

Signal Life Assurance Co. Ltd.

Singer & Friedlander Ldn. Agents.

Strategic Metal Trust Mngrs. Ltd.

Stronghold Management Limited

Surinvest (Jersey) Ltd.

TSB Trust Funds (C.I.)

Tokyo Pacific Holdings N.V.

Tokyo Pacific Hldgs. (Seaboard) N.V.

Tyndall Group

M. G. Tyrrell & Co. (Jersey) Ltd.

Union Invest. Fd. Mngt. Co. S.A. Lux.

Union-Investment-Gesellschaft mbH

V.C.A. Financial Management Ltd.

Vanbrugh Fund Mngmt. Intl. Ltd.

S. G. Warburg & Co. Ltd.

Warburg Invest. Mngt. Jrsy. Ltd.

Wardley Investment Services Ltd.

World Wide Growth Management

Wren Commodity Management Ltd.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ◆ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡ Only available to charitable bodies.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1982 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99⅝	95⅝	Exch. 9¼pc 1982	99⅝	.....	9.28	11.43
99⅜	94⅜	Exch. 8¼pc 1983	99⅜	.....	8.01	10.14
96¾	91	Exch. 3pc 1983	96¾xd	.....	3.10	9.22
100½	95¾	Treasury 12pc 1983‡‡	100½	.....	11.94	11.03
98⅝	92⅞	Treasury 9½pc '83	98⅝	.....	9.32	10.78
102½	96⅞	Exch. 13½pc '83	102½	+⅛	13.17	11.15
99⅜	91⅞	Exch. 10pc 1983	99⅜	.....	10.05	10.45
96⅞	87⅞	Funding 5½pc '82-84‡‡	96⅞	.....	5.68	7.80
100⅞	91⅞	Exch. 11¼pc 1984	100⅞xd	.....	11.15	10.61
103⅞	96¼	Exchequer 14pc 1984	103⅞	.....	13.48	11.49
91¾	81⅛	Exch. 3pc 1984	91¾	.....	3.27	7.54
101¼	91½	Treasury 12pc 1984	101¼	.....	11.05	11.26
107⅛	96¼	Treasury 15pc 1985	107⅛xd	.....	14.00	11.67
101⅜	89½	Exch. 12pc Cnv. '85	101⅜	.....	11.84	11.35
87	73½	Treasury 3pc 1985	87	.....	3.45	8.30
99⅞	87½	Treasury 11½pc 1985	99⅞	.....	11.52	11.54
101⅜	88⅝	Exch. 12¼pc 1985	101⅜	.....	12.08	11.69
100¾	86⅛	Exch. 11¾pc '86	100¾xd	–⅛	11.68	11.53
84⅜	69	Treasury 3pc 1986	84⅜	+⅜	3.55	7.84
100¾	86¼	Treasury 12pc '86	100¾	.....	11.91	11.73
94¾	80⅜	Treasury 8½pc '84-86‡‡	94¾	+⅛	8.97	10.14
101⅝	96⅞	Treas. 12¼pc '86 Cnv.	101⅝	.....	12.05	11.72
106¾	91⅞	Exch. 14pc 1986	106¾	.....	13.11	11.88
104⅝	90	Exch. 13¼pc 1987	104⅝	.....	12.66	11.86
88¼	73⅞	Funding 6½pc '85-87‡‡	83¼	+⅛	7.37	9.64
80½	64½	Treasury 3pc 1987	80½	+½	3.73	7.83
		Five to Fifteen Years				
102¼	85⅞	Treas. 12pc 1987	102	–⅛	12.06	12.10
88⅝	72½	Treasury 7¾pc '85-88‡‡	88⅝	+⅛	8.75	10.68
73⅞	50⅛	Transport 3pc '78-88	73⅞	+⅛	4.06	8.90
96⅛	79⅞	Treasury 11½pc 1989	94⅛xd	.....	12.16	12.74
74⅝	62½	Treasury 5pc '86-89	74⅝	+⅛	6.84	10.39
102	85⅞	Treasury 13pc 1990‡‡	102	+⅛	12.84	12.72
102⅞	85⅝	Exch. 12½pc 1990	102⅞	+⅛	12.73	12.86
84¼	70⅛	Treasury 8¼pc '87-90‡‡	84¼	+⅜	9.95	11.59
95	77⅜	Treasury 11¾pc 1991	95	+⅛	12.48	12.89
71½	59¾	Funding 5¾pc '87-91‡‡	71½	.....	8.26	11.35
93⅝	76⅜	Exch. 11pc 1991	93⅝	+⅛	12.22	12.35
99⅞	81⅞	Treasury 12¾pc '92‡‡	99⅞	+⅛	12.83	12.85
86⅛	70	Treasury 10pc 1992	85¼xd	+⅛	11.67	12.62
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Over Fifteen Years

Undated

Index-Linked & Variable Rate

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS
Public Board and Ind.

LOANS—Continued

1982 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		Financial				
101½	95½	FFI 14pc '83	101½	.....	13.79	12.74
101	94	FFI(UK Fin)5½pcDb. '80-2	102	.....	5.55	13.60
90½	80	Do. 6¼pcDb. '81-84	90½	.....	7.02	11.70
94½	82½	Do. 10½pc Uns.Ln. '86	93¾xd	–¼	11.20	12.80
92	78	Do. 11pc Uns.Ln. '88	91½xd	.....	12.02	12.88
93	70	Do. 11¼pc Uns.Ln. '90	91½xd	+¼	12.84	13.60
98	82	Do. 12½pc Un. Ln. 1992	98	+½	13.48	13.98
67	54	Do. 7¼pcADeb. '89-92	66½xd	–½	11.08	13.54
67	53	Do. 7¼pcADeb. '91-94	66⅛	–⅞	11.33	13.30
76½	62	Do. 9pc 'A' '91-94	76	–½	12.43	13.71
70½	57⅞	Do. 8⅞pcLn. '92-97	69½xd	+½	12.73	13.75
		Building Societies				
100½	98⅛	Nat'wide 14½pc 11.8.82	100xd	.....	14.75	14.28
100½	98¾	Do. 14¾pc 25.8.82	100⅛xd	.....	14.73	12.05
101	99	Do. 15¼pc 29.9.82	100¼	.....	15.34	12.94
101⅞	99¼	Do. 16¼pc 27.10.82	100⅝	.....	16.15	12.71
101	99½	Do. 15¼pc 24.11.82	100⅝	.....	15.28	12.60
101⅜	99¼	Do. 15¼pc 13.12.82	100¼	.....	15.14	12.68
102	99¾	Do. 16¼pc 17.1.83	101½xd	.....	16.01	12.46
102½	100	Do. 15⅝pc 7.2.83	101¼xd	.....	15.36	11.84
100⅞	99⅝	Do. 14¼pc 14.3.83	100⅞	.....	14.13	12.75
101	99⅝	Do. 14¼pc 4.4.83	101	.....	14.11	12.66
101½	100¼	Do. 14¾pc 25.4.83	101½	.....	14.53	12.52
101	99½	Do. 13⅞pc 25.5.83	101	.....	13.74	12.53
101⅛	100⅛	Do. 13⅞pc 3.6.83	101⅛	.....	13.78	12.53

FOREIGN BONDS & RAILS

1982 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
		For Antofagasta see "Recent Issues."				
16	10	Chinese 4½pc 1898	10	.....	—	—
15	0	Do. 5pc 1912	8	.....	—	—
12	6	Do. 5pc 1913	6	.....	—	—
10½	6	Do. 5pc '25 Boxer	6	.....	—	—
44	42	Greek 7pc Ass.	43	.....	3½	8.25
42	40	Do. 6pc 28 Stb. Ass.	41	.....	3	7.59
38	35	Do 4pc Mixed Ass.	38	.....	2	5.27
35	29	Hung. '24 Ass.	29xd	.....	2¾	19.48
104	87½	Hydro Quebec 15pc Ln 2011	104xd	.....	15	14.79
67	58	Iceland 6½pc '83-88	67	.....	6½	14.20
95¼	80	Do. 14½pc Ln. 2016	93xd	.....	14½	15.61
99¼	87¼	Ireland 7½pc '81-83	95xd	.....	7½	13.92
76⅛	62½	Do. 9¾pc '91-96	76	–¼	9¾	14.42
250	231	Japan 4pc '10 Ass.	240	.....	—	—
77	67	Do. 6pc '83-88	74xd	+1	6	11.84
161	161	Peru Ass. 2007	161	.....	5.22	17.52
93¾	79	Pet. Mx 14½pc '06	81xd	.....	14½	19.06
S79	S75	Turin 9pc 1991	S75	.....	9	f12.00
DM90	DM87	Turin 6½pc 1984	DM87	.....	6½	11.40

AMERICANS

1982 High	Low	Stock	Price £	+ or –	Div. Gross	C'vr	Y'ld Gr's
18½	13½	Abbott Labs.||	17½	–¼	84c	—	2.7
14¾	11¾	Alcoa 1$	14	+⅛	$1.80	—	7.1
25⅝	10⅝	Amax $1	22½xd	.....	20c	—	1.0
15⅛	10⅛	Amdahl	12	+⅛	40c	—	1.9
28⅝	21⅛	Amer. Express $0.60	22⅝	+¼	$2.20	—	5.4
14⅝	10¼	Amer. Medical Intl. $1	13⅝	–½	52c	—	2.1
22⅞	14⅞	Amer. Nat. Res. $1	15	–⅜	$3.00	—	11.1
32⅛	28	American T. & T. Co.	29¾	–⅛	$5.40	—	9.5
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CANADIANS

BANKS AND HIRE PURCHASE

BANKS & H.P.—Cont.

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued.

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

مكتبة الأصل

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

MINES—Continued

Central African

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
120	75	Falcon Rh.50c	100	......	Q25c	18.3	12.4
33	19	Wankie Col. Z$1	21	......	Q3c	1.2	7.7
21	12	Zam.Cpr.SBD0.24	14	−1	—	—	—

Australian

[illegible]

Tins

[illegible]

Miscellaneous

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
40	20	Anglo-Dominion	30	......	—	—	—
16½	12	Burma Mines 10p	12	......	0.55	1.0	6.5
130	27	Colby Res. Corp.	45	......	—	—	—
292	170	Cons. Murch. 10c	230	......	‡Q60c	1.9	‡
8	3	‡‡Explaura Gold	3	......	—	—	—
105	55	Highwood Res.	80	+10	—	—	—
255	160	Northgate C$1	180	......	—	—	—
468	344	R.T.Z.	415	......	16.0	2.1	5.5
£108½	£84	Do.9½%Cu.Ln.'95-2000	£99	......	Q9½%	30.0	(9.7
20	11	Sabina Inds. C$1	12	......	—	—	—
44	27	‡Southwest C. 10p	33	......	—	—	—
500	270	Tara Exptn. $1	270	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ɸ Figures or report awaited.
- ♰ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¤ No par value.
- ♥ Rate applicable to non-Zimbabwean residents.
- §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. N Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv. 20p	41	......
Bertrams	17#	......
Bdg'wtr. Est. 50p	430	......
Craig & Rose £1	£12½	......
Finlay Pkg. 5p	30	+1
Graig Ship. £1	£21	......
Higsons Brew	95	......
Holt (Jos) 25p	790	......
I.O.M. Stm. £1	92	+2
Pearce (C. H.)	£18½	......
Peel Hldgs.	151	......
Sheff. Refrshmt	80xd	......
Sindall (Wm.)	235	......

IRISH

Conv. 9% '80/82	£98⅞	......
Nat. 9¾% 84/89	£71⅞	−⅝
Fin. 13% 97/02	£80⅞	−⅝
Alliance Gas	83	......
Arnott	220	......
Carroll (P.J.)	72	......
Concrete Prods.	50	......
Helton (Hldgs.)	15xd	......
Irish Ropes	34	......
Jacob	70	......
T.M.G.	5	......
Unidare	50xd	+2

OPTIONS

3-month Call Rates

Industrials

Allied-Lyons	8
BOC Intl.	15
B.S.R.	8½
Babcock	10
Barclays Bank	42
Beecham	21
Blue Circle	48
Boots	19
Bowaters	24
Brit. Aerospace	17
B.A.T.	38
Brown (J.)	7
Burton Ord.	15
Cadburys	9
Courtaulds	8
Debenhams	7
Distillers	13
Dunlop	6½
Eagle Star	31
F.N.F.C.	4
Gen. Accident	28
Gen. Electric	65
Glaxo	42
Grand Met.	17
G.U.S. 'A'	45
Guardian	25
G.K.N.	15
Hawker Sidd	30
House of Fraser	15
I.C.I.	24
"Imps"	H
I.C.L.	5½
Ladbroke	15
Legal & Gen.	19
Lex Service	10
Lloyds Bank	42
"Lofs"	6½
London Brick	7
Lucas Inds.	28
"Mams"	12
Mrks. & Spncr	12
Midland Bank	30
N.E.I.	9
Nat. West. Bank	38
P & O Dfd.	14
Plessey	32
Racal Elect.	35
R.H.M.	6½
Rank Org. Ord.	20
Reed Intnl.	26
Sears	6
T.I.	13
Tesco	5½
Thorn EMI	42
Trust Houses	11
Turner & Newall	11
Unilever	55
Utd. Drapery	7
Vickers	16
Woolworths	5

Property

Brit. Land	7½
Cap. Counties	10
Land Secs.	28
MEPC	20
Peachey	14
Samuel Props.	11
Town & City	3½

Oils

Brit. Petroleum	26
Burmah Oil	10
Charterhall	6
KCA	14
Premier	6
Shell	30
Tricentrol	22
Ultramar	38

Mines

Charter Cons.	25
Cons. Gold	45
Lonrho	7
Rio T. Zinc	42

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 25

FINANCIAL TIMES

Thursday August 5 1982

ACADEMIC INSTITUTIONS JOIN FORCES WITH MONSANTO

£9.5m venture capital fund

BY TIM DICKSON

LEADING UK academic institutions, including Oxford and Cambridge universities, have joined forces with Monsanto, the U.S.-based multinational chemical group, to launch a £9.5m venture capital fund.

Advent Eurofund, announced yesterday, is the latest in a line of American-style venture capital projects which have emerged on this side of the Atlantic in the past two years.

As such, it will concentrate on taking equity stakes in new and young high-technology businesses in the UK and Europe.

Mr Richard Onians, a director of Advent Eurofund, said the venture was "the first European high-technology fund backed by leading academic institutions in co-operation with an industrial corporation."

He added that this was Monsanto's first venture capital investment outside the U.S., where in 10 years the company has stimulated a number of new projects in the biotechnology and biomedical fields through its $50m (£29m) InnoVen fund.

Monsanto has subscribed 50 per cent of the money for Advent Eurofund, while the "academic" investors—including Oxford and Cambridge universities, Imperial College, London, St Andrew's University, the Nuffield Foundation and Boston University of the U.S.—have put up 15 per cent. The balance has been provided by leading UK financial institutions.

Advent Eurofund will be managed on a day-to-day basis by Advent Management, a UK venture capital management company founded jointly by British businessmen Mr David Cooksey and Mr Michael Moran with Mr Peter Brooke, a U.S. venture capitalist.

Mr Cooksey, whose company also manages the Edinburgh-based £10m Advent Technology Fund, yesterday stressed the need in the UK and Europe for "patient money" — investors who can wait say 5 or 6 years before they get a return.

Advent Eurofund would aim to become closely involved with the companies it backed and would encourage them to tackle the U.S. market "sooner, rather than later."

Advent Eurofund will be the transfer to Britain and Europe of technology already developed successfully in the U.S.

Eurofund's chairman is Sir Kenneth Cork. The other directors are Mr Constantine Anagnostopoulos, vice-president of Monsanto (U.S.), Mr Michael Stoddart, deputy chairman and chief executive of Electra Investment Trust, and Mr Piet van de Ven, managing director of Oranje-Nassau Groep of the Netherlands.

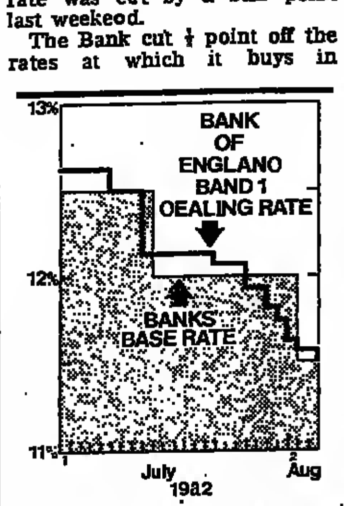
It will also have a panel of technical advisers, including three British scientists — Sir Peter Hirsch and Dr Graham Richards at Oxford University, Sir Hans Kornberg of Cambridge University—and Dr Edward Paget, director of biomedical programmes for Monsanto.

Signal by Bank for cut in base rate

By Max Wilkinson, Economics Correspondent

THE BANK of England lowered its money market dealing rates again yesterday. The move was widely interpreted as setting the stage for a further half percentage point cut in banks' base lending rates to 11 per cent this week or early next. The base rate was cut by a half point last weekend.

The Bank cut ⅛ point off the rates at which it buys in



medium and short-dated Bills and shaved $\frac{1}{16}$ point off its rate for Bills in band one—those with the shortest dates maturity.

This was the ninth cut in little more than a month in the band one rate, which is closely watched by the clearing banks, when considering their base rates. On July 1 the band one rate stood at 12½ per cent compared with 11¼ per cent yesterday.

Money market rates continued to ease in London with the three month interbank rate $\frac{1}{16}$ point down at 11$\frac{7}{16}$ per cent.

The Bank of England's move may also have been intended to encourage the building societies to agree a 1½ point cut in their mortgage rates, rather than only 1 per cent, when they meet today.

The Bank is continuing its "softly, softly" policy of edging interest rates down while watching the effect on sterling. Yesterday's cuts in its dealing rates were made in the face of a slight strengthening of Eurodollar rates.

While there was a substantial advance by the dollar on the foreign exchanges the pound advanced against Continental currencies and its Bank of England index against a trade-weighted basket of currencies closed only 0.1 down at 91.6.

Sterling closed in London about 2 cents lower against the dollar at $1.7280.

After reducing its dealing rates on Monday, the Bank of England made no move on Tuesday before resuming the downward trend yesterday.

Bank lending may have ended mortgage queues, Page 6

THE LEX COLUMN

Saying 'yes' to the TSBs

Index fell 5.9 to 560.3

The re-organisation of the Trustee Savings Banks, which was announced yesterday, marks the start of the effective denationalisation of Britain's fifth biggest banking group.

But before the TSBs, which at present are mutual organisations, can join the ranks of the joint stock banks they need to sort out the question of ownership, particularly obscure under Scottish law.

The intention is to arrange a sort of depositor buy-out three years or so from now, perhaps associated with the raising of outside capital.

Before then, the TSBs, their advisers and the Treasury have to decide how best to safeguard the rights of depositors, who in the absence of a shareholder base have more clout than elsewhere. There is also the little problem of making a public offer to eight million individuals.

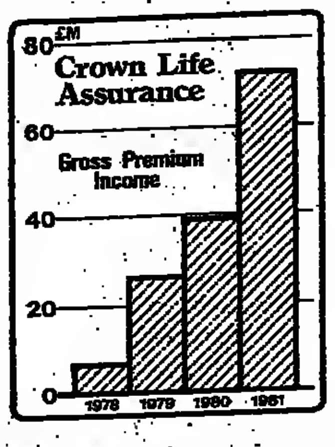
Finally, the TSBs are conscious that their move could leave them open to a takeover bid. With assets of over £6bn they are much the same size as the Royal Bank of Scotland Group, while they have a much more extensive branch network, a similar level of profits and a bigger customer base even than Barclays. To have everlasting independence written into the articles of association, as the TSBs seem to want, would be a dubious expedient. As things stand, UK clearing banks already seem to enjoy de facto protection from unwanted bids.

NAPF/Gower

The National Association of Pension Funds has thought hard and long before responding to the Gower report on investor protection, and the pension funds' position now emerges as absolutely clear. They are all for investor protection, because they are investors. The idea that beneficiaries might need protection from pension funds is hardly worth discussing.

However, the NAPF does consider the conflicts of interest that can arise between outside investment advisers and the beneficiaries of a fund, and it lists a number of dubious practices. But could a voluntary body like the NAPF impose effective discipline on errant fund managers?—a question that has to be asked in the wake of the Halliday Simpson affair.

Perhaps because the answer is "Quite possibly not," the NAPF declares itself, unfashionably, to be sympathetic to the idea of self-regulation within a statutory framework. Like all tightly-run City bodies, though, the pension funds are dead against bureaucracy.



Bibby

Last year Bibby was a victim of the turkey glut. At present it is swimming in a pool of edible oil. Overcapacity in the UK and a ready flow of edible oils from European sources have allowed the food retailing multiples to squeeze more out of a rape-seed than Bibby might wish.

Yet the near certainty that such an accident will strike somewhere in the group—selling and buying as it does in a number of volatile agricultural markets—does not seem to water down the quality of overall group earnings. Growth has been good and remarkably consistent. At 280p a prospective yield of less than 3¼ per cent shows that these virtues are well enough understood.

A 13 per cent rise in pre-tax profits to £5.4m (for the 26 weeks to July 3) extends the record. With turkeys in profit, a first full contribution from Furmanite and a healthy volume gain in the feed business, the group could make £14m this year.

Crown Life

The headlong growth of Hambro Life has shown what can be achieved in the life assurance industry through the direct sale of cleverly packaged products. Now Crown Life Assurance, the UK subsidiary of a leading Canadian life company, is stoking up with enough fresh capital to double its share of the UK market over the next five years.

The £12m capital injection is effectively a one for one rights issue, of which the parent will take up £5m and a small group of UK institutions the remainder. Crown plans to use the cash to quadruple its direct sales force to 2,000 by 1986 and to diversify into new products.

Crown is already accustomed to a rapid rate of premium growth, mostly in the fashionable area of unit-linked direct sales, but it will be no easy task to maintain the quality of an exploding sales force. Even Hambro is now experiencing nasty growing pains. But if all goes according to plan, Crown should be comfortably in profit by 1985 and ready for a stock exchange listing. A plan for the following five years is already on the drawing board. The composite sector, which hardly dares to look more than a month ahead, must be green with envy.

Turner & Newall

Emergency statements to quash market rumours often beg as many questions as they answer, but Turner and Newall is richly justified in trying to set some things straight after a fall of more than 25 per cent in its already bombed-out share price on Tuesday. Last night's comment from the company rebuts one of the sillier rumours, concerning supposed problems with secured debt, and goes on to deny that its bankers are applying pressure. It points out that the costs of all known asbestosis claims have been provided for—and indeed the company wrote £3.9m off against trading profit last year, almost twice the 1980 charge, in connection with asbestos-related disease.

The trouble is that the markets are worried about the level of future claims—a point on which reassurance is not so easy to give. Asbestosis apart, investors are extremely concerned about current trading, which T and N describes as "difficult," drawing particular attention to the problems of its mines.

The company is bringing forward the announcement of its interim figures by two weeks to September 2nd. Only then will it be possible to get things into perspective—but at least the statement helped the shares back up 7p to 39p, at which price the market capitalisation is £42.4m.

Asbestos company reassures market

By Ray Maughan

TURNER & NEWALL yesterday assured a nervous stock market that it had provided sufficiently against all known claims in connection with asbestos-related disease and that it was not under any financial pressure.

The group, which mines asbestos fibre and produces gaskets and brake linings from the same material, saw a quarter of its market value disappear on Tuesday in the face of widespread share selling.

The rumours which the group was attempting to quash in a specially prepared statement sprang from two sources.

The first was quite general, affecting a number of leading industrial companies supposed to have run into liquidity crises and holding urgent meetings with their bankers.

T and N stressed that it has no secured debt in the UK. Speculation that the £25m sale of its BIP Vinyl's business recently to Norsk Hydro was insufficient to meet debts secured on that subsidiary's assets "has no foundation," T and N stated.

As for the claims arising from the diseases caused by asbestos, the group said that full provision had been made in its accounts for known claims connected to asbestos-related illness. It provided £3.9m last year and £2.1m in the year before that against trading profits.

The price responded with a 7p rise to 39p yesterday —although T and N acknowledged that it fully shared manufacturing industry's problems in the UK and Europe and, like all producers of industrial minerals, it was still facing weak demand "and difficulties arising from local situations."

Publication of the company's interim results will be advanced by two weeks to September 2.

BR considers plan to double staff cuts because of strikes

BY PHILIP BASSETT, LABOUR CORRESPONDENT

BRITISH RAIL is considering proposals which would almost double the cuts in railway jobs in 1982.

The move is mainly because of the disastrous impact on BR finances of the rash of strikes this year over pay and productivity.

BR cut its railway staff last year by 7,662, or 4 per cent, through productivity initiatives and strict control of recruitment. The number employed in BR's rail business at the end of 1981 was 170,397, compared to 178,059 at the end of 1980.

The industry needed a bigger reduction than 4 per cent this year, Mr James Urquhart, BR board member for productivity, told the final day of the hearing of the Railway Staffs' National Tribunal into BR's 1982 pay award. Although he was unsure whether this could be achieved,

No figure was given to the tribunal, but it is understood BR is considering a further 7 to 8 per cent reduction in staff, or between 13,000 and 15,000 posts.

The bulk of these would be achieved through productivity measures and efforts on recruitment and natural wastage.

The Government would see the move to cut staff further as a clear indication of BR's determination to put its own house in order following its victories over pay and productivity. Strikes then were mounted by both the National Union of Railwaymen and the Associated Society of Locomotive Engineers and Firemen.

It was disclosed recently that BR plans to cut its rolling stock, financial resources and staff for its passenger services. The cuts could amount to an average of 20 per cent.

BR presented new figures to the tribunal on staff cuts and cost savings.

The figures refer to the period since the signing of the 1980 productivity-linked pay agreement, until April this year.

BR saved £66.5m on staff cuts of 15,510. However, of this figure, £28.9m is calculated at pre-April 1981 rates of pay. Updated in pay terms, it would be £32.1m, to give an overall cost saving of £69.7m.

BR rejected the NUR view that none of this had been paid back to employees. The 1980 and 1981 pay settlements together represented an increase of 33.2 per cent, or an additional £530m to the BR staff costs.

BR said the cost of the unions' claim for a reduction in the working week (2.5 per cent per hour reduced) and increased annual leave (0.45 per cent per additional day) should be added to their pay claim of not less than 10.4 per cent.

All sides hope for an early finding from Lord McCarthy and the inquiry.

UK bans Eli Lilly arthritis drug

BY SUE CAMERON

BRITAIN YESTERDAY imposed a 90-day ban on the use of the anti-arthritic drug sold under the brand name Opren, which is made by part of the Eli Lilly group of the U.S., because of fears about its safety.

The move follows more than 3,500 reports of adverse side-effects among patients who have used the drug. The reports—made to the UK Committee on Safety of Medicines (CSM)—cite 61 cases where patients have died.

The American Food and Drug Administration is examining a report from one of its investigators which recommends that Eli Lilly be prosecuted for failing to report adverse reactions to the drug, sold in the U.S. under the brand name Oraflex.

Trading in Eli Lilly's shares was suspended on the New York Stock Exchange yesterday. The previous night the group's shares had closed at $53.25.

The claims made against Eli Lilly in the FDA investigator's report concern the group's alleged failure to tell the Administration of the drug's adverse side-effects in the U.S. They are separate from reports of adverse reactions made to the Committee on Safety of Medicines in the UK.

The UK Department of Health yesterday said there was "concern about the serious toxic effects of the drug on various organ systems, particularly the gastro-intestinal tract, the liver, the bone marrow, in addition to the known effects on skin, eyes and nails."

The drug—its generic name is benoxaprofen — sometimes causes nails to separate from the nail bed and can make skin photo-sensitive, which means a rash and itching is caused when a patient is exposed to sunlight.

In yesterday's move, the British Government suspended the product licence for Opren for 90 days. Reports of the adverse reactions it causes will be studied by the CSM in the period.

After that time, the Government could decide to lift the ban or to make it permanent. The UK authorities granted a product licence to Lilly Industries, part of the Eli Lilly group, for Opren in 1980.

The drug was only granted approval by the U.S. authorities last April.

Anti-inflammatory drugs used in the treatment of arthritis, are thought to account for about 5 per cent of the worldwide drug market, which is worth more than $90bn (£52bn) a year.

There are a range of other anti-arthritic drugs on the market and some industry experts said yesterday that the suspension of Opren's product licence could help to boost sales of Brufen, the UK-based Boots' drug.

Patients taking Opren were advised yesterday by the British Medical Association to consult their doctors.

Continued from Page 1

Roses

if the gap were closed, the U.S. industry argues.

Legislation to do precisely this was introduced to congress this spring by Senator Orrin Hatch of Utah and Congressman Leon Panetta of California—where the vast majority of U.S. roses are grown. California has 58 commercial operations growing roses in greenhouses, employing 1,285 people. (Mr Hatch's Utah has a modest three, employing 51). But the rose growers are afraid that time may not be available to pass the Bill during the current session—they recognise that congress has other priorities.

Mr Krone says that 95 American rose growers have gone out of business in recent years, leaving a total of 222, nearly all of whom are members of Roses Inc. Their winter and spring season is different from that of their foreign competitors, and production is heavily geared towards Mother's Day (the third Sunday in May), which accounts for an astonishing 20 to 30 per cent of the year's total sales—nearly all in red.

The problem is that the foreigners start piling in when the American market is starting its most depressed period. "It's a boom and bust cycle," says Roses Inc.

For a loving son buying roses for his mum in New York city, it does not much matter whether they have been flown in from California or the same distance from Amsterdam. The American growers admit that there is no difference in quality or freshness between American roses and any other named varieties, a point not unfamiliar to students of English Tudor literature.

Canada calls for 'mini-summit'

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

CANADA WANTS an early "mini-summit" of the foreign ministers of the seven leading industrial countries to try to "heal some of the wounds" that have developed in the Western alliance.

Announcing the proposal, Mr Mark MacGuigan, the Canadian Secretary of State for External Affairs, said he regarded difference between the U.S. and its allies over the Siberian gas pipeline as the main source of friction and that Washington was to blame. He put the idea to Mr George Shultz, the U.S. Secretary of State, in Washington on Tuesday.

Mr MacGuigan said he suggested that either the U.S. or France or both should convene the foreign ministers of the seven countries that attend the regular annual Western economic summits. France hosted the last meeting at Versailles in June and the U.S. is the designated host for next summer's summit.

The seven summit countries are the U.S., the UK, France, West Germany, Italy, Canada and Japan. Diplomats in Bonn said West Germany would welcome such a meeting.

Mr Shultz agreed that the idea was worth considering, Mr MacGuigan said.

Mr MacGuigan said nations did no service to each other if they under-estimated the difficulty which had arisen as a result of the U.S. attempt to prevent U.S. subsidiaries and licensees abroad participating in the pipeline's construction.

He was particularly concerned about the extra-territorial effect of the U.S. action. He spoke of "the fact that U.S. law is purporting to direct how companies in other countries should behave, even when it is not in accord with the law of those countries or in accordance with the wishes of the people of those countries."

Meanwhile, negotiations continued in Washington to solve another major transatlantic problem—the dispute with the EEC over cheap European steel exports to the U.S. Both sides said an agreement could be close.

Negotiations between an EEC delegation and Mr Malcolm Baldridge, the U.S. Commerce Secretary, went into their second day with both sides claiming that progress was being made and that agreement could be close.

Continued from Page 1

BSC plan

the search for an efficient, sustainable, production base. The sudden fall in orders from the civil aviation division of Rolls-Royce last December bit Firth Brown particularly harshly. Firth Brown accounts for about two-thirds of the independent group's total assets of £120m. The group had borrowings of £57m at the end of March which totalled more than 80 per cent of shareholders' funds.

Finally the Government has also been one of the principal organisers of these and many other negotiations in the steel industry in an attempt to cut the overlap between the private and public sectors.

A £22m special aid scheme was set up last December to enable the industry to cast off excess capacity. Although the response from private companies is said to have been disappointing—only the proposals for a particular section of the steel castings sector have come to anything—the pace of negotiation is expected to increase before the scheme reaches its deadline at the end of next month.

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Beirut

casualty figures on both sides of the town.

Fires broke out and dense smoke billowed out of buildings. Israelis used phosphorous shells and the Palestinians fired back with Katyusha rockets and machine guns.

Israeli soldiers used loudspeakers to warn residents to flee before the pre-dawn attack. Residents were urged to go out on the shore and one Israeli soldier shouted: "Run for your lives. Clear the battle zones."

Weather

UK TODAY

CLOUDY with thundery showers. Warm.

London, W., S., N.W. England, Wales, Lake District, Isle of Man, Borders, S. Scotland, N. Ireland

Thundery showers but drier later. Max. 23C (73F).

E., N.E., Central England

Widespread thundery showers. Max. 26C (79C).

Central Highlands, N. Scotland, Orkney, Shetland

Dry and sunny. Max. 23C (73C).

Outlook: Dry and sunny after some thundery rain.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	25	77	L. Ang.†		—	—
Algiers	S	29	84	Luxmbg.	C	19	66
Amsdm.	a	29	84	Luxor		—	—
Athens	S	30	86	Madrid	S	28	82
Bahrain		—	—	Majorca	F	28	82
Barcina.	S	27	81	Malaga	F	27	81
Beirut		—	—	Malta	S	33	91
Belfast	R	17	63	M'chstr.	F	24	75
Belgrd.	F	28	82	Melbne.	S	13	55
Berlin	F	31	88	Mx. C.†		—	—
Biarritz	F	23	73	Miami†		—	—
Bmghm.	C	21	70	Milan	C	26	79
Blackpl.	C	20	68	Montrl.†		—	—
Bordx.	C	23	73	Moscow	F	23	73
Boulgn.	F	18	64	Munich	C	22	72
Bristol	C	21	70	Nairobi	C	21	70
Brussels	F	24	75	Naples	C	29	84
Budpst.	C	25	77	Nassau		—	—
Cairo	S	32	90	Nwcstl.	S	21	70
Cardiff	C	20	68	N. York†		—	—
Cas'b'ca		—	—	Nice	C	25	77
Cape T.	F	15	59	Nicosia		—	—
Chicg.†		—	—	Oporto	S	21	70
Cologne	a	27	81	Oslo	S	30	88
Cpnhgn.	S	28	82	Paris	C	20	68
Corfu	S	31	88	Perth	S	17	63
Denver†		—	—	Prague	C	22	72
Dublin	F	19	66	Reykjvk.	C	14	57
Dbrvnk.	F	28	82	Rhodes	S	31	88
Ednbgh.	S	21	70	Rio J'o†		—	—
Faro	S	29	84	Rome	C	29	84
Florence	F	29	83	Salzbrg.	F	23	73
Frankft.	C	23	73	S F'cisc†		—	—
Funchal	F	23	73	S. Moritz		—	—
Geneva	C	18	68	Singapr.		—	—
Gibraltar	F	23	73	S'tiago†		—	—
Glasgow	F	25	77	Stckhm.	C	24	75
G'rnsey	C	17	63	Sydney		—	—
Helsinki	F	28	82	Tangier	S	29	84
H. Kong	F	31	88	Tel Aviv	S	30	86
Innsbrk.	F	22	72	Tenerife	C	25	77
Invrnss.	S	21	70	Tokyo	S	30	86
I.o.Man		—	—	T'ronto†		—	—
Istanbul	F	24	75	Tunis	C	33	91
Jersey	C	18	64	Valencia	S	29	84
Jo'burg	S	20	68	Venice	S	28	82
L. Pims.	F	25	77	Vienna	S	20	68
Lisbon	S	28	82	Warsaw	S	29	84
Locarno	C	23	73	Zurich	R	18	64
London	C	24	75				

C—Cloudy. F—Fair. R—Rain. S—Sunny. † Noon GMT temperatures.